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德 基 科 技

D&G TECHNOLOGY

D&G TECHNOLOGY HOLDING COMPANY LIMITED

<INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY>

STOCK CODE 1301



2023 Sustainability Report



EcoChallenge 連續獲獎企業
中銀香港 BOCHK
企業環保領先大獎 2022
Corporate Environmental Leadership Award



5 Years+ 環保先驅
EcoPioneer
中銀香港 BOCHK
企業低碳環保領先大獎 2022
Corporate Low-Carbon Environmental Leadership Award



MANAGEMENT SYSTEM
Corporate Green Governance Award
Hong Kong Green Awards 2023



5 years+ 商界展關懷
caring company
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發



GREEN FINANCE
HKGAA
Pre-Insurance Stage
Certificate No.: CC 6710



8 years+
香港綠色企業大獎 2023
Hong Kong Green Awards

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1. Board's Statement

To all stakeholders,

On behalf of the board of directors (the “Board”) of D&G Technology Holding Company Limited (the “Company”) and its subsidiaries (hereafter collectively referred to as the “D&G” or the “Group”) (Stock Code: 1301), I am pleased to present the Group’s environmental, social and governance (the “ESG”) practices, with comprehensive overview of the management policies, targets, initiatives, and performances.

The Group is committed to creating long-term value for stakeholders and the community, and to developing in harmony with society. During the period from 1st January 2023 to 31st December 2023 (the “reporting year”), the Group actively identified and addressed risks and opportunities associated with sustainable development and strived to enhance ESG performances. D&G received several esteemed accolades during the reporting year, including InnoESG Prize 2022 – ESG Award, Caring Company 2022/23, United Nations Sustainable Development Goals Hong Kong Achievement Awards 2023 – Bronze Award, Industry Cares Recognition Scheme 2022 - Caring Certificate (5 years +), and Hong Kong Green Awards 2023 –“Corporate Green Governance Award – Management System”, etc. These awards have recognised D&G’s dedication and accomplishments in practicing and promoting the ESG initiatives, which are an integral part of the Group’s long-term development values and motivate us to achieve greater and higher levels of success.

In response to the national carbon peak and carbon neutrality goals, as well as the growing concern related to climate change crisis from stakeholders, D&G has set low-carbon emission reduction targets and joined the Greater Bay Area Carbon Neutrality Association to integrate sustainability targets into our business operations.

Despite the ever-changing business environment, we have demonstrated remarkable business resilience. The Board extends its sincere gratitude to the management and staff for their unwavering dedication, efforts, and contributions to the Group’s ESG performance. Looking forward, the Group will continue to contribute to a greener and more sustainable future for all stakeholders and the community.

Choi Hung Nang

Chairman

28 March 2024

2. About this Report

2.1 Reporting Period and Scope

This is the ninth annual sustainability report published by the Group (the “Report”). The Report covers the Group’s sustainability performance of the financial reporting period from 1st January 2023 to 31st December 2023. Due to limited operational activities of the physical office of the Pakistan subsidiary during the reporting year, they were not material to the Group and hence were excluded from the reporting scope. Therefore, the reporting scope covers D&G’s offices in Hong Kong, Beijing, Shanghai, Guangzhou, Chengdu, and the main manufacturing plant and adjacent employees’ dormitory located in Langfang, Hebei.

2.2 Reporting Framework

The Report is prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide (the “ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “HKEX”), and the Global Reporting Initiative standards (the “GRI Standards”) 2021. The Group adheres to the principles introduced by the ESG Guide and the GRI Standards 2021 to report on the measures and performances in the reporting year. A content index is attached at the end of this Report as a tool to navigate readers to the specific issues corresponding with the ESG Guide and the GRI Standards. Information on corporate governance has been reported in detail in the Annual Report in accordance with Appendix C1 of the Main Board Listing Rules.

2.3 Reporting Principles

The Group adheres to the following reporting principles during the preparation of this Report:

Reporting Principles	The Group’s Reporting Practices
Materiality	Identify material environmental and social issues through stakeholder engagement and report to the Board. This report discloses the identified material topics and relevant information.
Quantitative	The Group records and discloses material performance indicators in a quantitative way where appropriate.
Balance	This report discloses information objectively to provide an unbiased overview of the Group’s ESG performance.
Consistency	The Group adopts consistent calculation methodologies to ensure data is comparable year-on-year unless stated otherwise.

2.4 Contact Details

We welcome any comments and suggestions on the Report and other matters related to the sustainable development of the Group. Please feel free to contact us at:

Email: info@dgtechnology.com

3. Sustainability Goals and Highlights

In response to the carbon peak and neutrality goals proposed by the government of the People’s Republic of China (“China”) and responding to the national call, the Group has taken low-carbon and environmental protection as the core direction of technology and product research and development (“R&D”), and continues to follow its low-carbon emission reduction goals and specific measures for the years from 2022 to 2025. The Group has developed a low-carbon action plan for 2024, which includes the following:

- Continuous training on carbon peak and neutrality goals, environmental protection, and energy-related knowledge
- Introducing Energy Management System Certification to strengthen energy management through more scientific methods and achieve energy conservation and emission reduction
- Intensifying efforts to increase electric and hybrid vehicles adoption reducing carbon emissions.
- Continuously phasing out and updating energy-intensive and highly polluting equipment and processes

The Group continues to elevate its sustainability strategy and performance to promote a green, healthy and sustainable society. The theme of the Report is “Promoting green road construction, accelerating the journey to carbon neutrality”. From responsible governance to green operations, the Report exhibits the Group’s sustainability performance, demonstrating its commitment to corporate social responsibility in stakeholder engagement. The Group’s efforts have been recognised by various organisations, resulting in the attainment of and obtained relevant certifications.

3.1. Environmental Targets

D&G has set carbon reduction targets to achieve carbon neutrality by 2050. In addition, D&G has established multiple environmental targets to promote sustainable development and gradually achieve energy saving and emission reduction goals by 2025 and 2030 respectively.

Index	Base Year Emissions	Target (by 2025 or before)	Target (by 2030 or before)
Energy Intensity (MWh/RMB’M revenue)	24.41 (Year 2018)	20.75 (Decrease by at least 15%)	15.87 (Decrease by 35% or more)
Water Intensity (m ³ /number of employees)	69.3 (Year 2018)	62.37 (Decrease by at least 10%)	48.51 (Decrease by 30% or more)
Air Emission Intensity (tonnes/RMB’M revenue)	0.0053 (Year 2018)	0.0045 (Decrease by at least 15%)	0.0034 (Decrease by 35% or more)
Carbon Intensity (tonnes of CO ₂ e/RMB’M revenue)	15.09 (Year 2018)	12.83 (Decrease by at least 15%)	9.81 (Decrease by 35% or more)
Hazardous Waste Intensity (tonnes/RMB’M revenue)	0.243 (Year 2020) ^{Note 1}	0.207 (Decrease by at least 15%)	0.158 (Decrease by 35% or more)

Note 1: The original plan was to purchase 5 additional sets of catalytic combustion equipment for spray booths in 2023. It is estimated that an additional 45 tonnes of hazardous waste will be generated per year, and the projected peak is expected to occur in 2023. The expected peak value is 0.291. By exploring new spray equipment and coatings in 2023, there is no need to purchase additional catalytic combustion equipment. Therefore, the peak value of hazardous waste emission intensity is taken as the highest value in the past five years, which is 0.243 in 2020.

3. Sustainability Goals and Highlights

3.2. United Nations Sustainable Development Goals (“SDGs”)

Through the establishment of 17 SDGs, United Nations calls on all countries while facilitating economic development to solve social problems and protect the Earth. These goals include: eradicating poverty, solving famine, achieving equity, and combating climate change. As a corporation that has incorporated sustainable development into its business direction, D&G is eager to contribute to the realisation of these SDGs. Therefore, the Group has preliminarily mapped its core business and actions with five SDGs, and considers formulating different strategies and actions in the future for more detailed disclosures.

<p>SDG 3 Good Health and Well-being</p> 	<ul style="list-style-type: none"> • Establish a Safety Leading Group (the “SLG”) to ensure the health and safety of employees • Set work safety goals, such as zero fires, explosions and major accidents of chemical leakage, zero occupational diseases, etc. • Implement ISO 45001 Occupational Health and Safety Management System
<p>SDG 9 Industry, Innovation and Infrastructure</p> 	<ul style="list-style-type: none"> • Provide efficient, reliable, safe and environmental-friendly recycled asphalt mixing and supporting equipment for domestic infrastructure • With low-carbon environmental protection as the core direction of technology and product R&D, strengthen product innovation R&D, improve environmental performance • Promote green economy through green financing and strengthening value chain and market
<p>SDG 11 Sustainable Cities and Communities</p> 	<ul style="list-style-type: none"> • Reduce the harmful effects of urban development on the environment, especially air quality and waste management, through the development of environmental-friendly recycled asphalt mixing and supporting equipment • Develop and launch technological innovations or improvement projects that reduce GHG emissions and save energy to promote sustainable urban development
<p>SDG 12 Responsible Consumption and Production</p> 	<ul style="list-style-type: none"> • Integrate the concept of circular economy into business operation, strengthen resource utilisation, recycling and reuse to reduce waste • Manage wastes properly in an environmentally friendly way, and greatly reduce their flow into the air, water and land • Promote sustainable procurement and realise sustainable development in the supply chain
<p>SDG 13 Climate Action</p> 	<ul style="list-style-type: none"> • Strengthen energy consumption management, continuously replace production equipment with more energy-efficient equipment, and reduce GHG emissions • Incorporate national directives and policies to set emission reduction targets for operations and set a timeframe for achieving carbon neutrality targets

3. Sustainability Goals and Highlights

3.3 Sustainability Performance at a glance

The sustainability performance is highlighted as follows:

Safe Production



- ISO 45001:2018 Occupational Health and Safety Management System certification
- Zero work fatality rate for 9 consecutive years

Innovative and Green Manufacturing



- Application of geothermal heat pumps in the Research and Development Centre
- Upgrade water efficiency equipment to prevent water leakage
- Install new hazardous waste treatment facilities to improve hazardous waste management
- Monitor environmental performance by deploying industrial robots, smart meters, and computer numerical control
- Conduct energy efficiency upgrades
- Replace some of the axial flow fans used for cooling in the assembly workshop during the summer with industrial fans, which reduced energy consumption and improved the appearance of the workshop

Staff Training



- 139 topics — 59 hours on safety and security, 199.5 hours on professional knowledge, and 178.8 hours on management and operation, including carbon peak and neutrality goals and environmental protection knowledge

Patents and Copyrights



- 225 registered patents — 9 invention patents, 7 design patents and 209 utility model patents
- 28 software patents

Environmental Performance



- 8.51 tCO₂e/RMB'M revenue
- 100% of waste recycled
- 21.45 MWh energy consumption/RMB'M revenue
- Electric vehicles replacing fuel vehicles for approximately 30,000 kilometres of travel, resulting in energy cost savings of around RMB 14,000
- Approximately 1 million kWh of electricity were generated through photovoltaic power, with about 820,000 kWh being self-consumed
- Energy-saving boilers were used to replace the original high-energy-consuming boilers, resulting in natural gas savings (no energy-saving data is available for the first usage cycle)
- Compared to 2022, water consumption decreased by 5,068 m³

3. Sustainability Goals and Highlights

Recognition and Awards



Month	Award	Organiser/Organisation
1	Yongqing County Advanced Enterprise in Party Construction Work Plaque	Working Committee and Management Committee of the Communist Party of China Hebei Yongqing Economic Development Zone
2	Hebei Province Occupational Health Enterprise Plaque	Health Commission of Hebei Province
2	Langfang Province Occupational Health Enterprise Plaque	Health Commission of Langfang Province
2	Yongqing Province Occupational Health Enterprise Plaque	Health Commission of Yongqing Province
2	InnoESG Prize 2022 – ESG Award	SocietyNext Foundation
2	Caring Company 2022/23	The Hong Kong Council of Social Service
3	Certificate of Enterprise Credit Grade – AAA credit grade	Credit Work Committee of China Association for Small and Medium Commercial Enterprises, China Association for Small and Medium Commercial Enterprises
3	2022-2023 Outstanding Recycling Equipment Manufacturer	Organising Committee of Green City Construction - Asphalt Pavement Maintenance Technology Forum
6	Langfang Top 100 Grassroots Party Organisations	Langfang Municipal Committee of the Communist Party of China
8	2022 EcoChallenger	Federation of Hong Kong Industries, BOCHK
8	United Nations Sustainable Development Goals Achievement Awards Hong Kong 2023 – Bronze Award	Green Council
9	Industry Cares Recognition Scheme 2022 – Caring Certificate (5 years +)	The Federation of Hong Kong Industries
9	World Top 100 (Plus 50) Construction Machinery Manufacturers	T50 Summit of World Construction Machinery Industry, Chinese Journal of Mechanical Engineering
9	China Top 10 Specialized Construction Machinery Manufacturer	T50 Summit of World Construction Machinery Industry, Chinese Journal of Mechanical Engineering
9	Innovative Small and Medium-sized Enterprises in Hebei Province	The Department of Industry and Information Technology of Hebei Province
9	Technology Innovation Demonstration Enterprises in Hebei Province	The Department of Industry and Information Technology of Hebei Province
11	EPC Engineering Award (Preferred Brand of Engineering Construction Machinery and Equipment)	Beijing International Engineering Procurement Conference and Exhibition Organizing Committee
12	Hong Kong Green Awards 2023 –“Corporate Green Governance Award – Management System”	Green Council

4. Business Review

D&G is a leading manufacturer and service provider of medium and large asphalt mixing plants in China, with its headquarters located in Hong Kong. D&G prioritises innovation and environmental-friendly production as the principle of its operation and is committed to providing customers with efficient, reliable, safe, and environmental-friendly conventional hot-mix asphalt mixing plants (“conventional plants”) and recycling hot-mix asphalt mixing plants (“recycling plants”). Additionally, recycled asphalt pavement (“RAP”) crushing and screening equipment and sand manufacturing machine are newly developed, which combined with D&G’s existing advanced asphalt mixture technology to provide a comprehensive solution for the customers. D&G’s asphalt mixing technology benefits highway construction and maintenance, catering to various scales. In addition, the Group provides customer services for asphalt mixing equipment, RAP crushing and screening equipment, and sand manufacturing machine, including sales of spare parts and components and provision of equipment modification services.

D&G has several categories of products for customers to choose from:

CONVENTIONAL PLANTS

Category	Description	Properties
Standard Series (DGX/PM/LAP) 	Traditional and robust asphalt mixing plant	<ul style="list-style-type: none"> • 100-400 tonnes/hour • Easy to operate • Reliable • Easy to maintain
Compact Series (DGC) 	Customers can save transportation costs with the Compact Series, which are designed with precise selection of individual elements and professional configuration on the exterior hull of shipping containers	<ul style="list-style-type: none"> • 100-240 tonnes/hour • Lower shipping costs • Suitable for long-distance transportation • No production capacity compromised
Mobile Series (DGM) 	Customers with mobile needs can use the Mobile Series asphalt mixing plant for quick and efficient work	<ul style="list-style-type: none"> • 100-120 tonnes/hour • Fast transit • Easy installation • Suitable for maintenance
Warm Mix (WT) 	The warm mix can be used at 50-60° lower than the hot mix bitumen, which results in cost savings and reduced emissions of pollutants	<ul style="list-style-type: none"> • 30-120 m³/hour • Lower Temperature Operation • Good Mixture Performance

4. Business Review

RECYCLING PLANTS

Category	Description	Properties
<p>Recycling Series (DGXRE/ LAPRE)</p> 	<p>As one of the first manufacturers in China to develop recycling plants and export the products to advanced countries such as Australia, D&G takes pride in its recycling series in promoting a more environmentally friendly approach to asphalt production</p>	<ul style="list-style-type: none"> • 100-400 tonnes/hour • 10-50% reclaimed asphalt pavement • Cost reduction • Environmentally friendly • Efficient production <p>Environmental benefits:</p> <ul style="list-style-type: none"> • 10-35% fuel reduction • Less emissions (compared with conventional plants) <ul style="list-style-type: none"> ◆ Carbon dioxide - 60% ◆ Sulfur dioxide - 70% ◆ Volatile organic compounds (“VOC”) - 50% ◆ Carbon monoxide - 10-30% ◆ Nitrogen oxides - 60-70% ◆ Particulate matter - 20-25%

OTHER ROAD EQUIPMENT

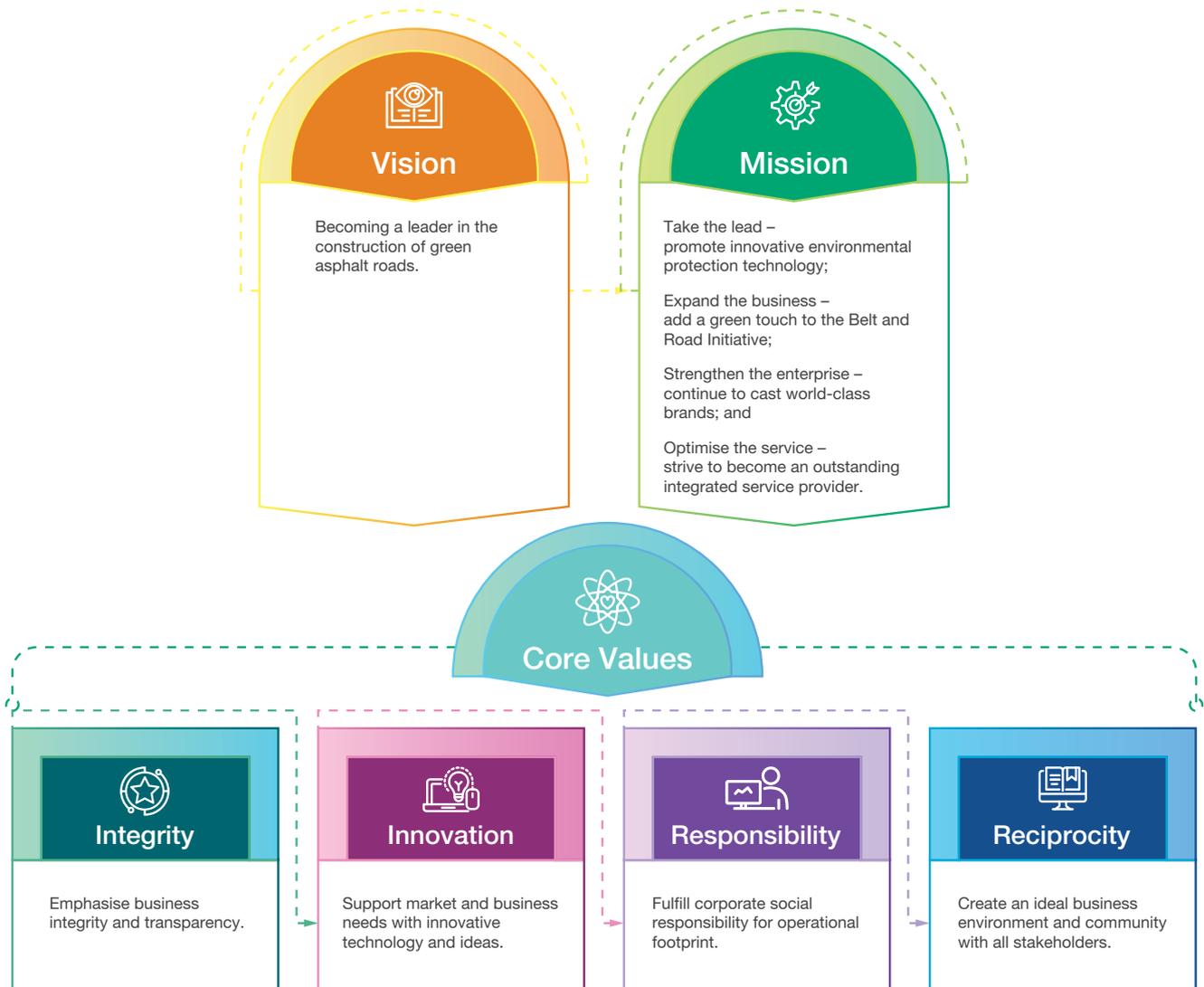
Category	Description	Properties
<p>Sand Manufacturing Machine (MS Series)</p> 	<p>It is an eco-friendly type aggregate shaping and sand making plant with the vertical shaft impact sand making, vibrating screen, dust collection module, transmission module and other components</p>	<ul style="list-style-type: none"> • 30-260 tonnes/hour • Clean, stable production, and multi-functional output
<p>RAP Asphalt Crusher & Screener (RCS Series)</p> 	<p>In regards the road recycling material crushing and screening equipment needs to be used with the asphalt mixing station, which requires relocation, the RAP Asphalt Crusher & Screener adopts fixed and modular design, flexible matching, convenient installation and quick relocation, which is suitable for the working conditions of asphalt mixing plant</p>	<ul style="list-style-type: none"> • 150 tonnes/hour • Retains the characteristics of Tooth Roller Asphalt Crushing • Adopts the differentiated arrangement of Crushing Tooth Rollers and the low-speed flexible crushing mode

4. Business Review

In the face of the uncertainties such as the geopolitical tensions and climate change crisis, the Group is aware of the importance of sustainable development in combating risks, and the need to improve the resilience of its overall operations. To further promote environmental protection, the Group has integrated the concept of circular economy into its business, and is devoted to improving the environmental performance of its recycling plants. This series uses construction waste such as used and broken asphalt mixtures as raw materials to produce recycled asphalt pavement. Compared with conventional plants, recycling plants significantly reduce air pollution emissions and attain resource-efficient and environmental-friendly production. With the tightening of environmental requirements for operations and the global concern on environmental issues, the Group expects the market demand for such products to continue to increase. Furthermore, the Group is constantly developing eco-friendly plants. For example, the newly developed sand manufacturing machine is featured to have complete sets of equipment to green, harmonisation, intelligent, and realise clean production.

To provide more diversified services, D&G has launched its equipment modification services, including the installation of key parts with recycling capabilities, remote control systems and other customised services to upgrade conventional plants. These services align with the market’s requirements for technology, providing customers with more convenient and considerate services while enhancing the market competitiveness of D&G. To strengthen D&G’s leading position over the years in the industry, the Group endeavours to strengthen product R&D. D&G has established a R&D centre in December 2017 to proactively facilitate knowledge exchange, effectively develop different research projects, and lead the team development with innovation as its core. These efforts enable the Group to use new technologies and innovations while improving the environmental performance of its products, to promote the development of circular economy, and drive business reform.

In an effort to consolidate the sustainable development of the business, D&G has set its vision, mission and core values (“VMC”) to determine the direction for its steady development.



4. Business Review

To support the above VMC, the Group has successfully integrated the concept of the circular economy into its business model. This strategic move has enhanced resource efficiency and sustainability:



4. Business Review

Hinging on continuous efforts, the market coverage of D&G's practice has expanded to the entire globe. Since its establishment, the Group's business operation has expanded to more than 30 countries on the map below. The total number of employees of the Group reached 323, distributed in different business locations over seven regions, and all subsidiaries are wholly-owned. The Group's achievement had led to its successful listing on the HKEX in 2015, further enhancing its market influence.

Market coverage (regions):



For the financial performance of the Group during the reporting year, please refer to the Group's 2023 Annual Report.

5. Stakeholder Engagement

In order to understand the expectations and needs of stakeholders, and listen to their valuable opinions, D&G has established communication channels with stakeholders to assist the Group in business planning. During the reporting year, D&G maintained connections with stakeholders through various methods, including WeChat official account, official website and other network communication platforms.

5.1. Communication Channels

Stakeholder Groups	Participants	Topics	Engagement Methods	Engagement Time
 <p>Employees</p>	<ul style="list-style-type: none"> Management Employees New employees 	<ul style="list-style-type: none"> Quality management Environmental management Occupational health and safety management Sustainability training Corporate culture 	<ul style="list-style-type: none"> Quality/environmental/occupational health and safety management system training Quality/environmental/occupational health and safety management system three aspects audit Employee meeting/satisfaction questionnaire On-the-job training and physical examination Environmental protection/sustainable development training and courses Corporate cultural activities, network platform group messages 	<ul style="list-style-type: none"> Three-system training: Whole year Three-system audit: September Staff meeting: January, April, July, October Employee satisfaction questionnaire: December On-the-job training and physical examination: Whole year
 <p>Customers</p>	<ul style="list-style-type: none"> Road construction companies Road construction machinery distributors 	<ul style="list-style-type: none"> Discussing cooperation 	<ul style="list-style-type: none"> Satisfaction questionnaire Factory inspection Site visit Customer events/seminars 	<ul style="list-style-type: none"> Satisfaction questionnaire: January, July Site visit: Several times Exchange seminars: Several times
 <p>Suppliers</p>	<ul style="list-style-type: none"> Material suppliers Subcontractors 	<ul style="list-style-type: none"> Trainings and technical exchange Assessment and capability survey 	<ul style="list-style-type: none"> Study visit Product technical standards exchange forum Supplier capability survey: add new suppliers Supplier assessment 	<ul style="list-style-type: none"> Study visit: December Exchange forum: Several times Supplier capability survey: Several times Supplier assessment: August
 <p>Shareholders and investors</p>	<ul style="list-style-type: none"> Shareholders Institutional investors Potential investors 	<ul style="list-style-type: none"> Performance report Gazette documents 	<ul style="list-style-type: none"> Annual General Meeting Interim performance report, annual report Announcements, circulars Press releases Sustainability Report Company presentation PowerPoint 	<ul style="list-style-type: none"> Annual General Meeting: May Performance report: April, September Sustainability Report: April Announcements/Circulars/Press Releases: Several times
 <p>Educational and research partners</p>	<ul style="list-style-type: none"> Construction machinery association road machine chapter China Highway and Transportation Society Institute of Tsinghua University, Hebei Research Institute of Highway Ministry of Transport 	<ul style="list-style-type: none"> Technical exchange 	<ul style="list-style-type: none"> Daily communication exchange (Associations/research centres) The 12th China Asphalt Mixing Plant Industry Summit (Construction Machinery Association Road Machine Chapter) Teaching and technical sharing and exchange forum (Research Institute of Highway Ministry of Transport) 	<ul style="list-style-type: none"> Communication exchange: Several times Industry summit: December Technical sharing and exchange forum: November
 <p>Government and other public bodies</p>	<ul style="list-style-type: none"> Provincial and municipal local governments County Party Committee and County Government 	<ul style="list-style-type: none"> Inspection 	<ul style="list-style-type: none"> Inspection Factory visits and interviews 	<ul style="list-style-type: none"> Provincial: July, September Municipal: February, March, April, July, December County: Several times
 <p>Business partners</p>	<ul style="list-style-type: none"> Distributors Exclusive dealers Joint venture partners 	<ul style="list-style-type: none"> Introduction of product performance Product knowledge training and discussion 	<ul style="list-style-type: none"> Seminars Training sessions Meetings and discussions 	<ul style="list-style-type: none"> Several times
 <p>Media</p>	<ul style="list-style-type: none"> Industry magazine Industry network platform Television Network 	<ul style="list-style-type: none"> Information promotion 	<ul style="list-style-type: none"> Collaboration and cooperation Advertising and promotion Interviews 	<ul style="list-style-type: none"> Several times

5. Stakeholder Engagement

5.2. Materiality Assessment

D&G conducted a stakeholder survey that included both external and internal groups. The Group invited two groups of external stakeholders - customers and distributors, and suppliers; and one group of internal stakeholders – employees, to express their opinions on various environmental, social, economic, and sustainable development issues that are important for the long-term business development of D&G, the survey results are as follows:

Aspect	Issue	Ranking of External Stakeholders Engagement Survey Results ^{Note 2}	Ranking of Internal Stakeholders Engagement Survey Results ^{Note 2}
Environmental	Air quality control	1*	11
	Hazardous waste management	3*	7*
	Compliance with environmental laws and regulations	3*	4*
	Sewage management	10	13
	Supplier environmental assessment	11	14
	Identify and mitigate transition risks	12	17
	Greenhouse gases emission	14	11
	Natural environmental impact	15	17
	General waste recycling and management	20	15
	Identify and mitigate physical risks	21	19
	Water use and conservation	24	18
	Energy consumption and conservation	27	6*
Social	Raw material management and selection	29	12
	Product quality assurance	1*	1*
	Occupational health and safety	1*	5*
	Customer health and safety	2*	8
	Customer privacy	4	5*
	Labour standards	5	9
	Product marketing and labelling	6	5*
	Training and development	14	7
	Compliance with social and economic laws and regulations	14	8
	Employment standards	16	3*
	Non-discrimination	25	21
	Supplier social assessment	26	16
Economic	Diversity and equal opportunity	28	20
	Community involvement	30	22
	Direct economic performance	13*	2*
	Anti-corruption	19*	12
	Anti-competitive behaviour	22*	17
Sustainability	Procurement practices	23	17
	Indirect economic performance	23	13*
	Sustainability development framework	7*	10*
	Strengthen the executive capacity of the Sustainability Committee in managing related work and risks	8*	10*
	Sustainability goals	9*	11*
Ongoing communication channels with all stakeholders	17	14	
Disclosure of stakeholder views and responses from the Group	18	16	

Note 2: * denotes that the issue is deemed as a high materiality level in the respective aspects.

6. Sustainability Corporate Management and Robust Governance

The Group considers good and sustainable corporate governance as the cornerstone of its business. With a top-down management approach, D&G formulates a comprehensive policy and supervision mechanism to develop a well-defined structure and division of labour among departments. Meanwhile, the Group's consideration of sustainability issues is well reflected in its governance structure, strategy development, and risk management.

6.1 Corporate Governance Structure

The senior management is composed of the Board and the Chief Financial Officer. They are responsible for reviewing the effectiveness of internal control systems and risk management methods, determining strategic business objectives, and overseeing the day-to-day operations, including sales and marketing, production, finance, engineering and customer services. Among the 12 senior management members, six of them are independent non-executive directors (the "INED") and non-executive directors (the "NED"). They also advise on corporate governance affairs, such as major strategy development, performance, accountability, major appointments and transaction issues.

To achieve the long-term sustainable development goals, the Group has established a Sustainability Committee (the "Committee"). The Committee is chaired by the CEO of the Group. The responsibilities of the Committee include centrally managing environmental and social issues, improving the efficiencies of decision-making and implementation of different issues, and reporting to the Board. The Committee comprises of the Executive Director and Chief Executive Officer, Chief Financial Officer, Deputy Chief Executive Officer and General Manager of the Operation System, Deputy General Manager of the Operation System, Deputy Chief Engineer, Assistant to Chief Executive Officer, and Director of Chief Executive Officer Office. To ensure the Board and the Committee are well informed about ESG related risks and opportunities, meetings will be held at least twice a year in person, by telephone or by video conference. Based on the work demands, additional meetings shall be held. Besides, the Committee has an inter-departmental sustainable development working group to advance and implement relevant work under specific sustainable development policies.

For more information on the Group's corporate governance, please refer to the Annual Report 2023.

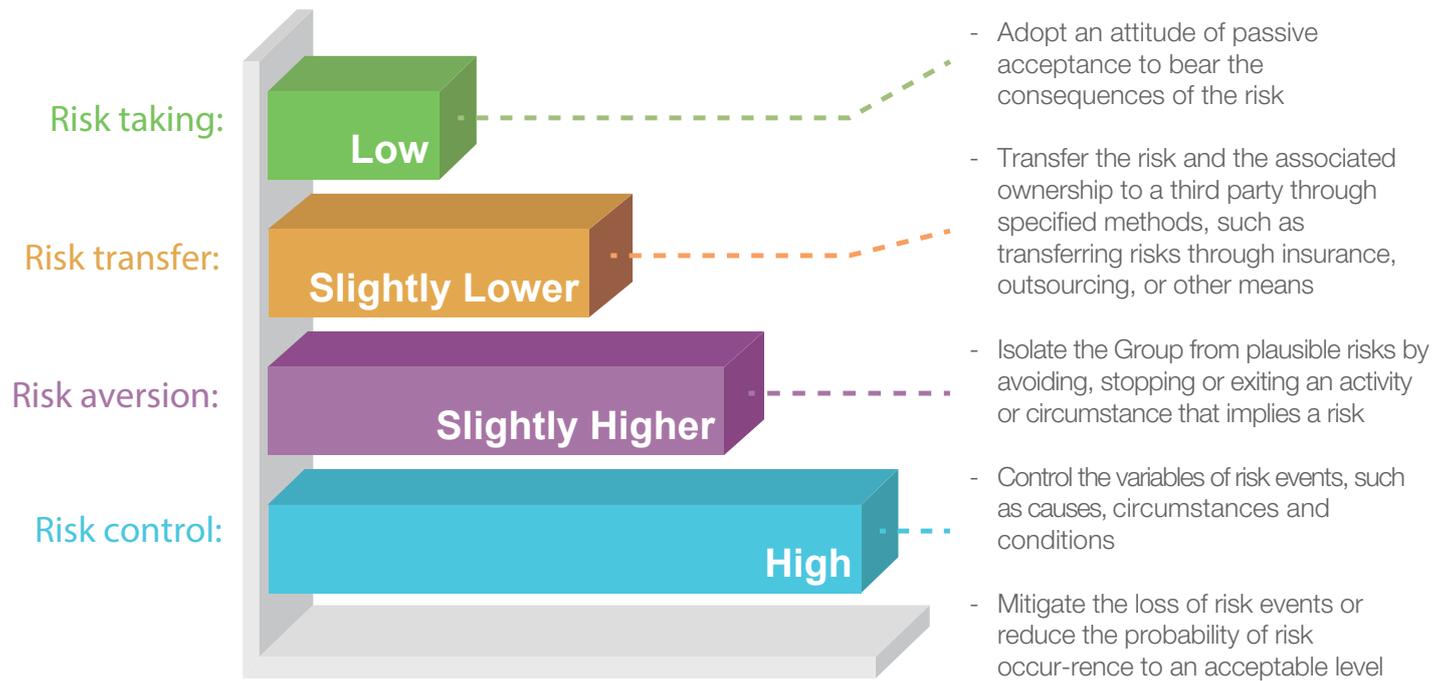
6.2 Risk Management

D&G places a strong emphasis on risk management. Any uncertainties that threaten or affects business development and goals are defined as risks by D&G. The Group has formulated internal risk management policies and measures to prevent and control the identified significant risks, such as resource supply sustainability, overseas markets management, financial credit reliability, and environmental compliance.

To avoid and reduce business operation risks and ensure sustainability, the Group considers operational, environmental, and social factors when making business decisions. In response to different types of risks, the Group uses its internal risk management system to conduct corresponding risk assessments. Based on the results of the analysis, the Group determines the risk level of the project (from high to low), and classifies the project in the risk database, which will be considered a risk and opportunity factor when making business decisions.

If a project is considered high-risk under risk assessment, the Quality Management Department (the "QM Department") will implement and oversee the risk management measures of the entire project, in accordance with the initial assessment results and with the assistance of the relevant departments. Overall, D&G has adopted the following measures in consideration of the probability of risk occurrence to reduce potential risks.

6. Sustainability Corporate Management and Robust Governance

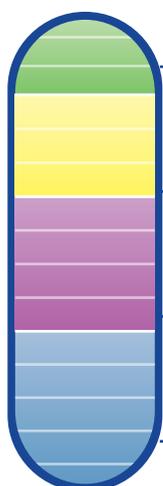


6.3. Ethics and Integrity

Good integrity and ethics are part of the core values of the Group. D&G encourages employees to be self-disciplined through reward and punishment mechanisms and the establishment of relevant management standards. Employees are required to attend regular trainings to understand the importance of occupational ethics to the Group. With the assistance of the Legal and Compliance Department (the “L&C Department”), the Group has formulated policies to eliminate anti-competitive or monopolistic behaviour, and ensure that the Group’s operations comply with relevant laws and regulations. During the reporting year, the Group has complied with the regulations related to anti-competitive behaviour, anti-trust and monopoly practices.

On top of internal management, the Group also communicates the standards with external stakeholders, such as suppliers and business partners. D&G attaches great importance to integrity management between the corporate and customers. Having noticed long-term arrears affairs, the Group has reviewed current customer credit policies and collection arrangements, as well as strengthened internal control procedures. As shown in the figure below, the Group’s current credit policies mainly divide the customer credit ratings into four major categories:

Customer Credit Rating



Acceptable Payment Rules

- | Category | Payment Rules |
|----------|---|
| A | <ul style="list-style-type: none"> • Up to 18 month ^{note 3} instalment payment • 30% of the payment before delivery |
| B | <ul style="list-style-type: none"> • Up to 15 month ^{note 3} instalment payment • 50% of the payment before delivery |
| C | <ul style="list-style-type: none"> • Up to 9 month ^{note 3} instalment payment • 50% of the payment before delivery |
| D | <ul style="list-style-type: none"> • Up to 6 month instalment ^{note 3} payment • 70% of the payment before delivery |

Note 3: From the date of contract signing

6. Sustainability Corporate Management and Robust Governance

6.4. Anti-corruption

The Group takes a zero-tolerance approach towards all forms of bribery and corruption and is committed to observing and upholding high standards of business integrity, honesty, fairness, impartiality and transparency in all its business dealings at all times. The “Anti-corruption Policy” provides guidance for all directors, officers and employees of the Group on acceptance of advantage and handling of conflict of interest when dealing with the Group’s business. Employees should not solicit or accept any advantage for themselves or others, from any person, company or organisation having business dealings with the Group or any subordinate, lavish or frequent entertainment, and intentional use of documents containing false information to deceive or mislead the Group, regardless of whether there is any gain or advantage involved. In addition, employees should avoid any situation of conflict of interest. When an actual or potential conflict of interest arises, the subject employee should make a declaration to the Chief Executive Officer. The Group encourages and expects our business partners including suppliers, contractors and clients to abide by the principles of the Anti-corruption Policy. The Group’s zero tolerance approach on bribery and corruption will, where appropriate, be communicated to clients, suppliers, contractors and business partners.

To ensure that employees are aware of the Group’s anti-corruption practices and remain vigilant against corruption risk, the Group provides regular anti-corruption training sessions. The content includes Business Ethics, Corruption Prevention, System Integrity Guidelines, and the Code of Conduct. To comply with laws, regulations and standards of conduct, which in the field of the Group’s business, a total of 4 hours of anti-corruption training were conducted in the reporting year.

Number of Employees that Participated in Anti-corruption Training			
Month	April	October	
By Gender			
Male	9	8	
Female	12	10	
By Employment Category			
Senior management	0	0	
Managers	5	4	
Frontline and general staff	16	14	

In addition, the Group established a “Whistleblowing Policy” to encourage employees to report any suspected misbehaviours anonymously or in person, through designated channels such as mailbox, mailing address, telephone or email. In case of reported misconduct, the L&C Department would investigate and contact the complainant and the parties involved. Meanwhile, the confidentiality of sources will be ensured to protect the whistle-blowers. Regardless of the findings of the investigation, the L&C Department shall inform the complainant about the results and evaluate the seriousness of the case. The L&C Department will decide whether to have an internal punishment or contact relevant authorities for further handling. For fairness, if the relevant parties are not satisfied with the results, they could request a reinvestigation and submit relevant and additional information. The L&C Department could ask for the confirmation from the senior management accordingly. If the case is confirmed, the complainant may receive monetary or administrative rewards according to the conclusion from the senior management.

Due to the Group’s strong commitment to business ethics, there were no corruption cases reported during the reporting year.

7. Sustainable Value Chain

A sustainable value chain has a vital impact on the stability of D&G’s business operations. As such, D&G places great emphasis on several factors that contribute to a sustainable value chain, including setting concrete objectives, managing operational risk, promoting business integrity and transparency, implementing procurement and quality assurance practice, understanding industry and market trends, and maintaining long-term cooperation with customers and business partners to achieve business success.

7.1. Operational Compliance

As a socially responsible company, the Group implements innovative and compliant operations. D&G establishes stringent management control departments, processes and policies, where the compliance in economic, social, and environmental is regulated by the L&C Department. Among them, the Safety and Environmental Protection Department (the “S&E Department”) is responsible for supervising the environmental and safety performance, supporting the compliance in environmental aspects, and responding to related updates by the government. The S&E Department is required to regularly receive relevant sustainable training arranged by the government, to ensure that the operation complies with the latest relevant local laws and regulations.

The Group emphasises that product safety and usage are consistent with those described at the time of sales. To ensure that customers can safely use the product and understand the characteristics of the product, the Group provides sufficient and correct relevant information regarding the product’s safety. This includes technical data, drawings, and safety operation manuals, where detailed installation instructions or technical indicators are provided to increase the convenience of customers when installing equipment.

During the reporting year, the Group did not violate any regulations regarding health and safety, information, logos and marketing of products and services. Additionally, D&G has complied with and did not violate the laws and regulations on environmental, social, and economic aspects that were subjected to high fines and non-monetary sanctions. During the reporting year, D&G recorded no cases that needed to be resolved by the dispute mechanism.

7.2. Quality Assurance

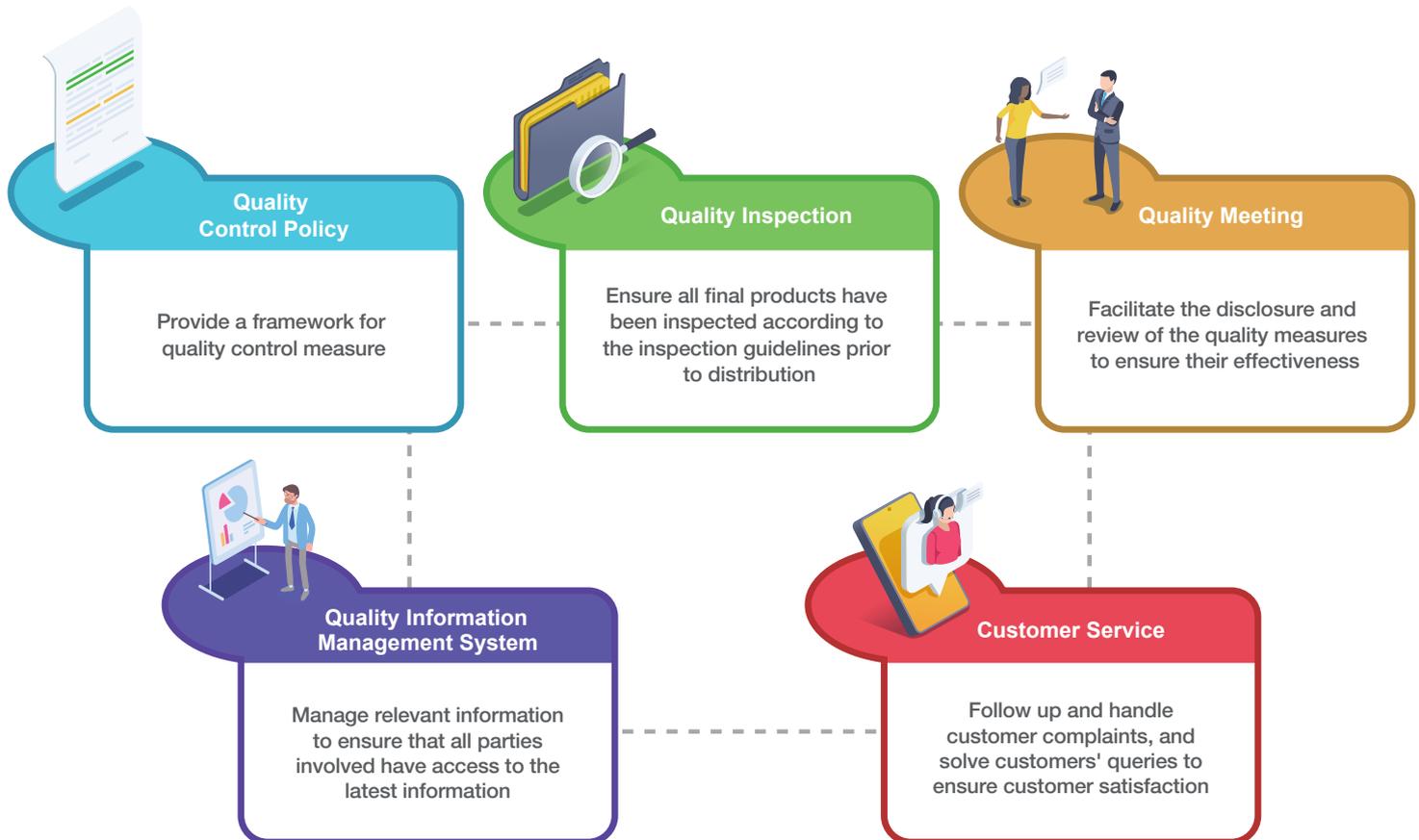
Product quality and performance are the core of the Group’s business. Through the practice of the circular economy concept, D&G invests in new technologies to improve product skills and performance, maintains stringent production supervision, improves resource efficiency and provides optimal quality. The Group has successfully obtained multiple international standard certifications, in recognition of its efforts in productivity efficiency and stable quality:



7. Sustainable Value Chain

D&G attaches high importance to product safety and adheres to safety requirements. We ensure that the products can operate properly in the country or the region of use. Prior to the commencement of production, the Group strictly complies with the standards of the country or region where the equipment operates and considers the impacts of the compositions of products on the environment and society. To secure the health and safety of the customers, D&G carries out quality inspections on all products following the CE and EAC Certification standards. During the reporting year, D&G had no recalled sales or shipped products due to safety and health concerns.

To ensure the stability of product quality, the Group has formulated quality assurance procedures and measures in accordance with the international standard ISO 9001:2015 Quality Management System:



The Group has appointed the Process Management Department to standardise the quality testing process. This includes the preparation of procedures and instructions for employees to carry out work in accordance with relevant instructions, where mass production can only take place after confirmation by the factory supervisor or inspector. During the production process, the supervisor must supervise and ensure that the production process is under control, and seek technical support from the Process Management Department when necessary. The equipment must be regularly maintained and repaired to prevent production efficiency from being affected. If the QM Department encounters any problems during the inspection process, the Production Department must be notified promptly to take corrective measures. In addition, the Group arranges regular on-the-job training for employees to enrich their operational knowledge and enhance work efficiency.

The Group is committed to identifying and controlling defective products, to ensure that the products delivered meet the specified standards. The Production Department is responsible to first isolate and place the defective semi-products and products in the “Defective Products Area”. Depending on the reasons, they are then repaired or handled by the QM Department or the Technology and Process Management Department. The repaired products shall be reassessed and confirmed by the QM Department. As for the scrapped products, the Production Department will place them in the waste area and efforts are made to recycle them as much as possible. Major cases will be discussed during the quality assurance meetings to develop improvement measures and avoid recurrence.

7. Sustainable Value Chain

7.3. Protecting Data Privacy and Intellectual Property Rights

With respect to intellectual property rights, the Group bans the use of pirated software and clearly states that all employees are prohibited from downloading software on company computers without authorisation. By the end of the reporting year, D&G owned up to 225 registered patents and 28 software copyrights. The Group also places strong emphasis on protecting customer privacy. When the Group signs a contract with a customer, it must attach a confidentiality agreement to prevent the leakage of customer data. The Group also regularly maintains information technology protection systems to prevent malware attack and data theft. The employee handbook clearly states that employees are prohibited from leaking customer information, stealing their data for profit, and harming the interests of the Group. During the reporting year, the Group was not aware of any material non-compliance and complaints about the violation of customer privacy violations.

7.4. Sustainable Procurement

The Group has consistently developed new technologies and products. The Group's R&D Centre assists in specifying the quality monitoring process, formulates technical standards for purchased materials, and provides technical data required for outsourcing. It is also open to public and serves to educate the public on asphalt mixing plants produced by the Group. For instance, the R&D centre is equipped with virtual reality tools to allow visitors to experience the production process of asphalt mixing plants.

D&G prioritises domestic and local suppliers to support the local economy and reduce the environmental footprint generated by transporting materials. The proportion of environment, occupational health and safety ("EHS") in the Supplier Management Assessment accounts for 10%. When signing standard contracts with suppliers, there are requirements for EHS clauses. Suppliers are required to strictly adhere to the national and D&G's EHS requirements during the supply process, take measures to protect the environment, minimise pollution, and strictly control the occurrence of safety accidents. For example, the Group has required suppliers to add paint barrel liners to prevent staining and reduce hazardous waste generation. To ensure that the vision of our suppliers aligns with our vision, D&G regularly interviews suppliers to ensure that their overall services meet our expectation for sustainable development. In terms of logistics of merchandise, D&G is devoted to gradually extending the coverage of our customer base, and improving the domestic and international freight logistics systems. The Group regularly evaluates the performance of existing collaborations and tendered logistics operations, including their overall loading capabilities and integrated service levels. During the reporting year, the Group has already added 15 suppliers. Among a total of 154 suppliers, only 4 were overseas suppliers.



Note 4: Overseas suppliers refer to suppliers located outside of China
 Note 5: Local suppliers refer to suppliers located in China

7. Sustainable Value Chain

In order to ensure the materials' quality and supply chain stability, the Group implements sustainable supply chain management through stringent control systems and policies. The Group has also allocated different departments to undergo risk and performance assessments:

Material Supplies Department	<ul style="list-style-type: none"> Execute works related to tender, bid evaluation and procurement Organise supplier inspections and survey evaluations Acquire market information such as quality and price of procurement
Planning and Coordination Department Production Department	<ul style="list-style-type: none"> Send procurement request to the Procurement Department in accordance with the production plan and inventory status
L&C Department	<ul style="list-style-type: none"> Review the price of procurement Monitor the procurement contract, tender document, and procurement process to ensure its compliance and legality
Administration Department	<ul style="list-style-type: none"> Review procurement applications Conduct inquiry and price comparison, and report them to the Procurement Department
QM Department	<ul style="list-style-type: none"> Conduct quality check on procurement materials Engage in assessment of suppliers

Since 2019, D&G has implemented the sustainable procurement charter that requires suppliers to consider factors such as the environment, social compliance, and ethics. In terms of basic requirements, the Material Supplies Department is responsible for selecting several qualified suppliers, considering the procurement standard and production requirement, and comparing several factors, including materials quality, price, delivery date, packaging, after-sale service, and technical support. Apart from the above basic requirements, D&G evaluates the EHS performance and the financial status of the suppliers in the procurement process. To effectively control the sources of pollution and hazards on-site, the Group has stepped forward to tighten the EHS requirements for suppliers. Suppliers have to submit relevant documentary proof such as qualifications and test reports to prove that a comprehensive EHS management system is in place.

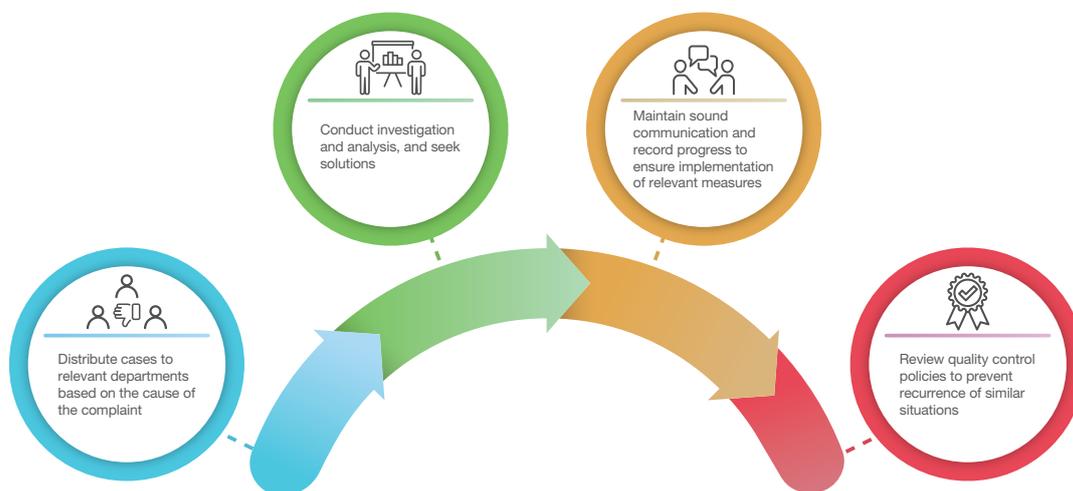
Suppliers with higher scores are regarded as the major suppliers and are offered larger orders, whereas other suppliers are classified as low-priority or alternative. To ensure the continued excellent performance of the major suppliers and provide secondary and alternative suppliers with an opportunity for improvement, D&G reviews the supplier list by conducting yearly assessments of all suppliers. Suppliers assessed as unqualified are required to provide an improvement plan within two working days after the release of the assessment results. Otherwise, it will be treated as acquiesced. The supplier with improvements made would then be re-assessed. To ensure the fairness of the review mechanism, unqualified suppliers would be classified as alternative suppliers, yet but are still eligible for the annual reviews.

Apart from the Material Supplies Department, the QM Department is also responsible for the quality control of procured materials. If any major quality issues are discovered during the when conducting inspection, measurement, observation and process verification, the QM Department shall issue a "Non-conformity Report", and hand over the case to the Procurement Department for product return. If the "Non-conformity Report" is issued twice and the quality is not improved or maintained below standard, the Material Supplies Department shall conduct an emergency assessment, deal with the supplier and keep relevant records per the assessment results. D&G would terminate the collaboration with suppliers whose supply qualifications have been directly revoked for at least two years.

7. Sustainable Value Chain

7.5. Customer Service

The Group considers customer feedback as an opportunity to improve its quality control framework and measures, and to prevent such problems from recurring. In this regard, D&G has established multiple communication channels for customers to voice out their opinion. The process for handling customer complaints is as follows:



To ensure continuous improvement of product quality and EHS issues, the Group has developed an assessment mechanism to review the job performance of the QM Department and the S&E Department. If the complaint is related to EHS requirements, the S&E Department would be responsible for verifying the relevant products and services, and implementing the corresponding corrective measures, while the QM Department shall monitor the progress and effectiveness of various measures.

As for complaints regarding quality problems that have been found after delivery or after use, the Engineering Service Department will collect and handle them in a unified manner, and promptly report them back to the QM Department. The QM Department holds a quality meeting every two weeks, during which it formulates corresponding improvement and preventive measures based on the analysed and summarised data. Meanwhile, the Engineering Services Department negotiates with customers and reports on the progress to efficiently seek solutions that satisfy customers.

In order to manage the needs of customers effectively, the Group has divided the complaint cases into four general categories:

Type	Description	No. of Case Received in 2023 ^{Note 6}
General complaints	Customer complaints that can be easily resolved through communication	243
Crisis complaints	Customer complaints that have a major impact on the Company's image and brand	0
Major complaints	Customer complaints that have a potential impact on the Company's image and brand	3
Invalid complaints	Customer complaints that are caused by misunderstandings	0

Note 6: The number of cases in the report in 2022 or before includes feedback on problems that arose during the installation and commissioning phase, prior to product delivery. In order to more accurately understand the issues of customers' complaints, the number of cases in 2023 only counts complaints reported by customers after product delivery.

The Group has established a comprehensive complaint handling mechanism. Concerning complaints filed by customers, the Group promptly investigates the incidents, provides clear explanation to the customers and arranges for the re-delivery of accessories and compensation. All relevant departments involved have also formulated preventive and corrective measures to prevent similar problems from recurring.

7. Sustainable Value Chain

The group has upgraded its existing industrial internet platform with the aim of improving customer service efficiency and timeliness and ensuring customer satisfaction. The upgraded self-built industrial internet cloud platform is named DG Leap Cloud Industrial Internet. This platform provides customers with data services in a Software-as-a-Service (SaaS) model, helping them achieve equipment digitisation and intelligentisation at the lowest cost and highest efficiency. By collecting and transmitting various valuable data, the platform enables customers' operators to have a better understanding of equipment operation and production conditions, promoting the most efficient operating conditions to reduce energy and material consumption and ensure product quality stability and consistency.

The platform integrates multiple modules, including production centre, equipment management, maintenance management, service management, and energy consumption management. Customers can choose to use them based on their specific needs. The energy consumption management module of the platform provides customers with convenient tools for energy consumption statistics and analysis. This platform is a proactive attempt by D&G to leverage digital potential to achieve industry carbon neutrality goals.

The group expects the industrial internet platform to generate direct service revenue of over RMB 5 million for D&G and indirectly drive an increase of over RMB 7 million in retrofit and spare parts sales revenue, improving equipment availability for customers by more than 10%. Additionally, the material loss is expected to be reduced by 3% to 5% for customers. Based on an annual production of 200,000 to 300,000 tonnes per equipment, all customers can save 2 to 3 million tonnes of production materials, resulting in savings of RMB 240 million in material loss.

D&G industrial Internet Platform:



7. Sustainable Value Chain

7.6. Industrial Partnership

D&G has been working hard to maintain sound industry partnerships, cooperate with different professional scientific research institutions, and become members of different professional associations and institutions. This enables D&G to share the sustainable development operation model of its business, keep up of the industrial trend, and strive to promote the green development of the industry:

- Founding member of the Greater Bay Area Carbon Neutrality Association
- Bronze member of the Green Council
- Founding member of the Sustainable Procurement Charter
- Founding member of Green Tech Alliance
- Corporate member of the Hong Kong ESG Club
- Corporate member of the Federation of Hong Kong Industries
- Permanent member of The Hong Kong Metals Manufactures Association Limited
- Vice president of China Construction Machinery Association Road Machine Chapter
- Council member of the SME Service Committee of China Construction Machinery Association (CCMA)
- Member of Industrial Internet Branch of China Construction Machinery Industry Association
- Member of Equipment and Materials Procurement Branch of China Association of International Engineering Consultants (CAIEC)
- Vice Chairman of the Construction Machinery Association of Hebei Province
- Corporate member of Langfang Publicly Listed Company Association
- Corporate member of Guangdong Province Asphalt Concrete Supply Chain Association
- President of Sichuan Provincial Chamber of Construction Asphalt Pavement Chapter
- Unit member of China Association of Small & Medium Commercial Enterprises
- Council member of China Aggregate Association
- Member of Guangdong Aggregate Association
- Corporate member of Equipment Manufacturing Industry Association of Hebei Province

7. Sustainable Value Chain

Partner Organisations	Partnership Projects
Institute of Tsinghua University, Hebei	<ul style="list-style-type: none"> Burning system design Energy consumption and optimisation Energy-saving, emission reduction, environmental protection and resources recycling
Hebei Asphalt Pavement Intelligent Equipment Technology Research Centre	<ul style="list-style-type: none"> Burning system design Energy consumption and optimisation Energy-saving, emission reduction, environmental protection and resources recycling “Asphalt Pavement Recycling Technology and Demonstration” Research on warm mixing process and development of equipment
The Research Institute of Highway, the Ministry of Transport	<ul style="list-style-type: none"> “Asphalt Pavement Recycling Technology and Demonstration” Monoblock recycling asphalt mixing plant Research on warm mixing process and development of equipment
Tsinghua University	<ul style="list-style-type: none"> Combustor development
Changan University Hebei University of Science & Technology Hebei University of Technology Shandong Jiaotong University Yanshan University	<ul style="list-style-type: none"> Industry-university-research agreement Five-year “D&G Machinery Scholarship”

D&G aims to create a stable supply chain and foster sustainable practices and raise awareness among its suppliers. Recognising the growing demand for stringent product and service requirements from business partners and customers, D&G is committed to maintaining close collaborations with suppliers, ensuring that their capabilities align with the latest standards and requirements by implementing measures below:

Policy	Objective of 2023	Target of 2023	Progress of 2023	Strategy of 2024	Objective of 2024	Target of 2024
<ul style="list-style-type: none"> Strive to implement sustainable measures by considering ESG factors 	<ul style="list-style-type: none"> Save on raw material usage Fully utilise scrap and leftover materials 	<ul style="list-style-type: none"> Reduce steel usage by at least 10 tonnes per set of new series mixing equipment through design improvements Utilise at least 10 tonnes of scrap and leftover materials throughout the year 	<ul style="list-style-type: none"> The optimised weight of the 4000 conventional I series is 37 tons A total of 10.55 tons of scraps and leftover materials was utilised throughout the year 2023 	<ul style="list-style-type: none"> Incorporate sustainable procurement practice into the existing procurement procedures Consider sustainable development when purchasing raw materials for product design Save steel use during the production process by utilising scraps and leftover materials 	<ul style="list-style-type: none"> Optimise procurement policies to address sustainable procurement issues Maximise the use of scraps and leftover materials to reduce the use of raw materials 	<ul style="list-style-type: none"> In 2024, all employees will receive training on sustainable procurement procedures Through design improvements, the amount of steel used for recycled remanufactured support brackets will be reduced by at least 10 tons per set Utilise at least 10 tonnes of scrap and leftover materials throughout the year 2024

7. Sustainable Value Chain

Policy	Objective of 2023	Target of 2023	Progress of 2023	Strategy of 2024	Objective of 2024	Target of 2024
<ul style="list-style-type: none"> Strive to reduce the consumption of natural resources 	<ul style="list-style-type: none"> Reduce emissions from gasoline-powered vehicles 	<ul style="list-style-type: none"> Purchase 1-2 new electric vehicles for company use 	<ul style="list-style-type: none"> Purchase 1 new electric vehicles in 2023 	<ul style="list-style-type: none"> Procure and utilise more energy-efficient products and services that support sustainable development 	<ul style="list-style-type: none"> Unmanned operation of the convenience store in D&G factory Choose the nearest location to receive visitors 	<ul style="list-style-type: none"> Place 2 new vending machines and deactivate 3 refrigerators Reduce vehicle transportation distance by at least 5,000 kilometres in 2024
<ul style="list-style-type: none"> Strive to reduce factory pollutant emissions to achieve green production 	<ul style="list-style-type: none"> Reduce VOC emissions Save energy and reduce consumption 	<ul style="list-style-type: none"> Reduce VOC emissions by at least 3 tonnes throughout the year 	<ul style="list-style-type: none"> Reduce VOC emissions by 3.2 tonnes in 2023 	—	—	—
<ul style="list-style-type: none"> Strive to enhance suppliers' awareness of sustainable development 	<ul style="list-style-type: none"> Consider the level of automation when evaluating supplier management 	<ul style="list-style-type: none"> The level of automation will be considered when evaluating new suppliers starting in 2023 	<ul style="list-style-type: none"> The level of automation is considered when evaluating new suppliers 	—	—	—
<ul style="list-style-type: none"> Strive to minimise the sustainability risks and impacts of our purchased products and services 	<ul style="list-style-type: none"> Successfully implement the "Risk Identification, Assessment, and Response" plan to minimise sustainable procurement risks and impacts 	<ul style="list-style-type: none"> Continue to operate "Risk Identification, Assessment and Response Measures" effectively in 2023 	<ul style="list-style-type: none"> Operate "Risk Identification, Assessment and Response Measures" effectively in 2023 	<ul style="list-style-type: none"> Apply risk management tools in the procurement process 	<ul style="list-style-type: none"> Operate "Risk Identification, Assessment and Response Measures" effectively to minimise sustainability risks and impacts in the procurement process 	<ul style="list-style-type: none"> Continue to operate "Risk Identification, Assessment and Response Measures" effectively in 2024
<ul style="list-style-type: none"> Committed to build environmentally friendly and sustainable factory 	—	—	—	<ul style="list-style-type: none"> In procurement and manufacturing processes, a greater emphasis is placed on energy efficiency, environmental protection, and green development 	<ul style="list-style-type: none"> Obtain provincial Green Factory Certification 	<ul style="list-style-type: none"> Obtain Energy Management System certification Obtain Green Factory Certification
<ul style="list-style-type: none"> Committed to prevent and mitigate adverse social impacts in the supply chain 	—	—	—	<ul style="list-style-type: none"> Select suppliers with good social practices 	<ul style="list-style-type: none"> Major contractors must obtain ISO 14001 and ISO 45001 Management System Certifications 	<ul style="list-style-type: none"> By the end of 2024, newly added scale suppliers are required to have ISO 14001 and ISO 45001 Management System Certifications

8. Environmental Management

To build a sustainable society, the Group strives to incorporate the concept of sustainable development into its business decisions and operations. In addition to compliance with environmental laws and regulations, the Group will integrate sustainability at every level to formulate and implement management strategies.

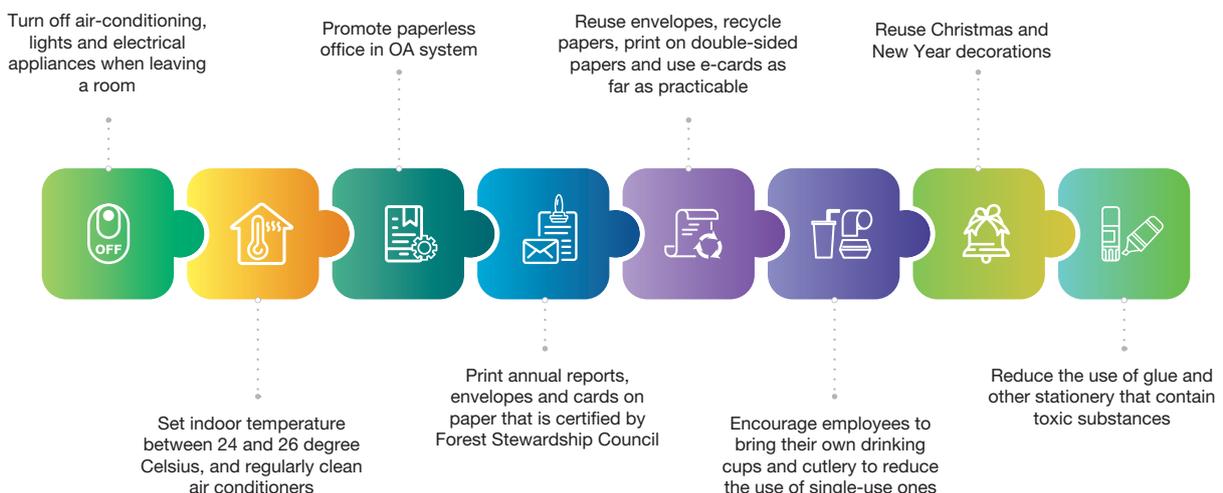
8.1. Green Operation

To build a sustainable society, the Group strives to incorporate sustainability into its business decision-making process and operations. D&G has strictly complied with national laws, regulations and standards in relation to air pollution, wastewater discharge and waste during the reporting year.

To lead asphalt road construction in practicing green production, the Group has strengthened its environmental management approach through ISO 14001:2015 Environmental Management System. D&G has established a committee to strengthen environmental management. The committee is responsible for assisting the Group in formulating timely strategies to improve environmental and other sustainability performance, including monitoring relevant policies and measures, regularly reporting to the Board and making suggestions for improvement, and strengthening the communication between the stakeholders such as Board, employees, customers and investors. The Group regularly reviews the effectiveness of current policies and implements relevant improvement measures, with continuous monitoring of environmental performances. With the aim to raise environmental awareness in the Langfang factory, the Group has established the following environmental manuals clearly for the employees:



Apart from compliance with applicable laws and regulations, the Group advocates good environmental management to cultivate employees' green working culture, share information and strengthen internal and external communication. The Hong Kong headquarters office has implemented a green office policy to encourage employees to practice the following environmental commitments:



8. Environmental Management

Meanwhile, the Group has added natural elements to the work environment, introduced green plants to facilitate the physical and mental health of employees. The green area in Langfang factory is approximately 9,493 m².

Besides, the Group has set clear environmental management goals: 100% pass rate for environmental monitoring; 100% hazardous waste disposal rate; limit the number of violations of paint spraying facilities and welding dust equipment to less than 1; limit the number of production days affected by environmental or safety issues due to internal reasons to 0.

8.2. Energy Consumption

D&G’s daily energy consumption includes the municipally supplied electricity for production, and the natural gas for factory boiler operation, heating and cooking in the staff canteen kitchen. For GHG emissions, natural gas consumption and the Group’s vehicles result in direct GHG emissions (Scope 1), while electricity consumption causes indirect GHG emissions (Scope 2).

Recognising the urgency of the climate change issue, the Group has published the “Energy Conservation and Consumption Reduction Management Guidelines” to manage its energy consumption to enhance energy efficiency and mitigate climate change. The guidelines require employees of all departments to consider the environmental impacts when selecting the energy type, and encourages them to prioritise energy-saving products. To achieve low-carbon energy management, the Group has taken the following measures:

Manufacturing operations	Manufacturing facilities	Lighting
<ul style="list-style-type: none"> Adopt smart meters for real-time energy management such as issuing alarm signal if abnormal use is detected Apply industrial robots and computer control to improve operational efficiency and reduce energy consumption Use ground source heat pumps in research centres, utilising geothermal resources for heating and cooling purposes 	<ul style="list-style-type: none"> Install variable frequency control for water circulation equipment in the factory Continuously replace more energy-efficient production equipment Use electromagnetic induction for preheating before welding Conduct frequency conversion for No. 1-5, 7, 8 spray booth exhaust fans in paint booths 	<ul style="list-style-type: none"> Use solar panels in some buildings to make use of daylight and reduce the power consumption of the lighting system Replace traditional lamps in the factory with more energy-saving and durable LED lighting system Install lighting switch system in different zones for each department to control and manage the lights as needed Install voice command switch for some of the corridor lighting Replace all lighting of 108 staff dormitories with LED

The Group has appointed the S&E Department to collect and assess the monthly energy conservation performance of each production unit and department, supervising the actual effectiveness of their energy saving measures. The Group has established several energy saving measures to reduce the electricity consumption. For example, the Production Department switched a total of 9 air blowers to the low-frequency operation mode and set an auto power-off function at a specific time. These changes have significantly reduced power consumption from 0.39 MW to 0.19 MW, resulting in an estimated annual energy savings of 300 MWh.

In late 2022, the Group installed solar panels on the rooftop of the Langfang factory, covering a total area of 10,600 square meters. The estimated photovoltaic power generation over 25 years is 23.328 million kWh, resulting in a reduction of 13,554 tons of GHG emissions. During the reporting year, there was 1 million kWh of electricity generated through the solar panels, with about 820,000 kWh being self-consumed. Out of our total electricity consumption, 32% was derived from photovoltaic power. We also purchased a Renewable Energy Certificate (REC) for 1,000 kWh from Hong Kong Electric Co., Ltd.

8. Environmental Management

Energy Consumption	Unit	2023	2022
Electricity consumption (covered the usage of photovoltaic power)	MWh	2,634	2,569
	GJ	9,484	9,250
Electricity intensity (covered the usage of photovoltaic power)	MWh/RMB'M Revenue ^{Note 7}	9.48	7.44
Natural gas consumption	m ³	307,496	230,652
	MWh	3,325	2,514
	GJ	11,971	8,980
Natural gas intensity	MWh/RMB'M Revenue ^{Note 7}	11.97	7.28
Total energy consumption	GJ	21,455	18,230
Total energy intensity	MWh/RMB'M Revenue ^{Note 7}	21.45	14.72

GHG Emissions	Unit	2023	2022
Scope 1: Direct emissions ^{Note 8}	tonnes of CO ₂ equivalent (tCO ₂ e)	666	499
Scope 2: Indirect emissions ^{Note 9}	tCO ₂ e	1,699	2,413
Total GHG emissions ^{Note 10}	tCO ₂ e	2,365	2,912
Total GHG emissions intensity	tCO ₂ e/RMB'M Revenue ^{Note 6}	8.51	8.43

Note 7: The Group's revenues for the years ended 31 December 2023 and 31 December 2022 were RMB 278 million and RMB 345 million, respectively.

Note 8: The Group's GHG emissions currently did not include those arising from its vehicles as it is relatively not material, D&G shall review the GHG emission scope on a regular basis to enhance disclosure for future reports.

Note 9: As part of the electricity consumption of the Langfang factory used clean electricity generated by rooftop photovoltaics installed in late 2022 and Hong Kong office purchased a REC, Scope 2 emissions have been significantly decreased during the reporting year.

Note 10: The Group's total GHG emissions did not include other indirect GHG emissions (Scope 3) because they are insignificant to the Group's operations.

In respect of this, the Group plans to conduct energy management analysis by district, and identify abnormal or high energy sources to monitor and formulate corresponding energy conservation measures.

8. Environmental Management

8.3. Air Emissions

In order to reduce air pollution and create an ideal and healthy working environment for employees, the Group strictly controls the air emissions from its machinery manufacturing process, and implements clean production. The air emissions discharged by the Group are mainly derived from production activities of the Langfang factory, including nitrogen oxides (“NO_x”), sulfur oxides (“SO_x”) and particulate matter (“PM”). According to the local laws, standards and relevant requirements, the Group has set out “Air Emissions Management Guidelines” to facilitate the classification and management of air pollutants incurred by the manufacturing activities, and to provide guidelines for accurate monitoring of air emission concentration levels.

Types of Air Emissions	Air Emission Management	Monitoring and Auditing
Air emissions from stationary sources (such as production equipment and natural gas boilers)	<ul style="list-style-type: none"> Air emissions must be treated properly prior to the discharge Install welding smoke dust removal purification devices, paint spray water curtain and activated carbon adsorption devices to filter air emissions Post relevant signs about emission restrictions at the chimney Regular maintenance and repair of air emission and purification facilities are conducted to ensure their normal operation 	<ul style="list-style-type: none"> Third-party qualified environmental monitoring organisations are routinely appointed to measure exhaust emission levels according to emission standards
Air emissions from mobile sources (such as automobiles)	<ul style="list-style-type: none"> Air emissions of the factories’ vehicles are monitored in accordance with the “Guidelines of Prevention and Control of Motor Vehicle Exhaust Pollution” 	<ul style="list-style-type: none"> Tests are carried out by inspection agencies of the local government as stated by relevant emission standards

Based on the above management requirements, the S&E Department sets out relevant air emission policies that apply to the factories, and monitors air emission management of each department and manufacturing unit. The S&E Department also appoints qualified third-party environmental monitoring organisations to carry out a sophisticated assessment of air pollutants emission levels to ensure the emission standard is met. If illegal emissions occur, the S&E Department records the incident and proposes improvement solutions promptly.

To encourage employees in each workshop or department to raise awareness of different air emission sources and corresponding pollutants and reduce air emissions, the Group is committed to adopting the following targeted mitigation measures:

Source of Air Emissions	Mitigation and Management Measures
Welding fumes	Extracted by the exhaust fan and treated by purifier
Particulates generated from grinding wheel and shot blasting	Removed by pulse bag dust collector
Metal dust	Removed by a central dust collector and reused
VOC gas emitted from paint spraying	Treated by water curtain and carbon adsorption
Cooking fumes from cafeteria	Removed by fume purifier

8. Environmental Management

Air Emissions	Unit	2023	2022
NO _x	tonnes	0.15	0.23
SO _x	tonnes	0.00	0.00
PM	tonnes	0.77	1.84

During the reporting year, the Group ensured that the emission of air pollutants from the Langfang factory complies with legal requirements. The Group also improved its method of collecting atmospheric pollutant emission data for electricity welding dust removal equipment and cutting machines, allowing for the collection of more data during the production process. Currently, the operating time is based on the actual operating time recorded by the production department.

The Group strives to achieve the goal of zero environmental hazards. The Production Department has to take independent emission reduction measures such as limiting or stopping the production when a heavy pollution alert is issued. The Group will continue to work to improve the emission system and contribute to the improvement of air quality and employee health.

8.4. Water Consumption and Wastewater Management

The Group recognises the importance of water resources. Therefore, the Group has made extensive efforts to implement water saving measures, to reduce water consumption at source in operation sites, and educate all departments to use water equipment and products with higher efficiency whenever possible. For instance, several irrigation sprinkler heads in the green areas have been replaced to enhance water use efficiency. According to the “Energy Conservation and Consumption Reduction Management Guidelines”, each department should use and install water equipment configuration according to actual conditions and needs, and carry out regular check-ups, maintenance and replacement of the faucets and other water equipment to avoid water wastage. During the reporting year, the Administration Department identified dripping problems in several faucets and showerheads in the staff canteen and dormitory and promptly replaced them. The old valves of the water pipes in the dormitory and complex buildings and the toilet flushing standpipe in the dormitory building bathroom were also replaced to prevent any further dripping issues.

The Group does not consume a significant amount of water resources in daily operational and manufacturing activities, except for the relatively high water demand for the staff dormitory at the Langfang factory. Since the water is sourced from municipal water supply services, there have not been material issues in sourcing water.

Water Consumption	Unit	2023	2022
Water consumption	m ³	12,941	18,009
Water intensity	m ³ /employee	40.1	46.9

During the reporting year, the Group saved water by controlling irrigation system in green areas to avoid unnecessary watering. Hence, the water consumption and water intensity also were decreased accordingly. The Group will observe the water consumption status of newly added workshops and green areas and review water saving measures regularly.

In terms of wastewater, the Group strictly follows the national “Integrated Wastewater Discharge Standard”, which requires all sewage discharge departments to ensure the sewage flows into designated equipment or discharged through proper pipelines to avoid pollution of the neighbouring ecosystem.

In order to strengthen the management of wastewater discharge, the Group covers, treats and recycles wastewater from the cleaning system in the painting workshop, and manages wastewater per operating procedure. To ensure that there is no leakage in the sewage treatment and collection system, the Group appointed the Administration Department to regularly monitor the operation of the sewage treatment equipment. In addition, in order to further improve the management of sewage discharge, the S&E Department will arrange qualified third-party testing agencies to conduct annual inspections at the integrated sewage outlet of the factory, analyse the monitoring report, and identify areas for improvement. During the reporting year, the Group’s sewage discharge complied with the national emission standards.

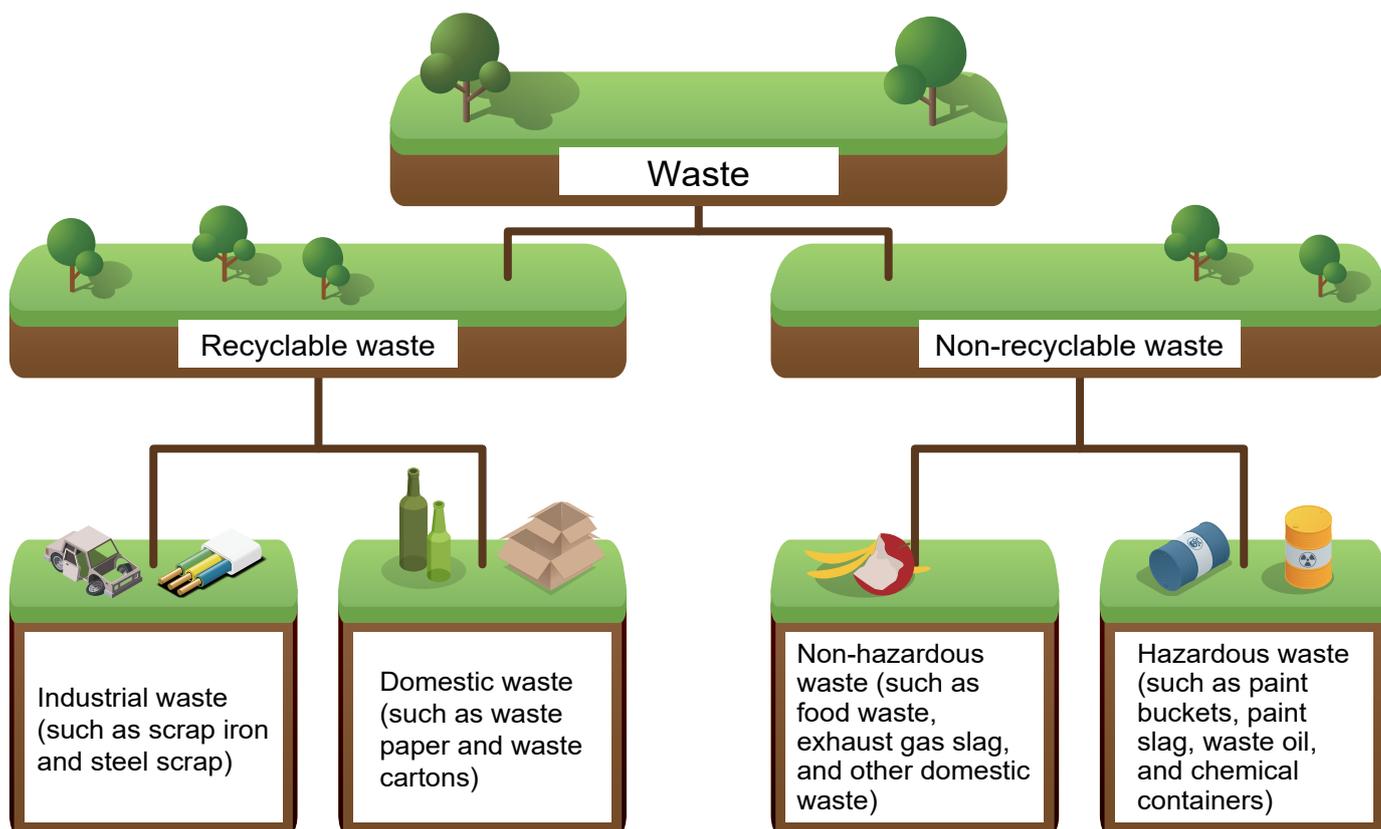
8. Environmental Management

8.5. Waste Management

D&G places high importance on sustainable waste management, and practices the spirit of ‘Use Less, Waste Less’ to improve resource efficiency. The Group uses the “4R” waste management approach, which refers to reduce, reuse, recycle and replace, for the implementation of waste management. D&G emphasises on resource efficiency, recycling and reusing steel, cable materials, packaging wood and carton in the operation process as far as possible. The Production Department and S&E Department monitor and evaluate the effectiveness and safety of waste separation, and make recommendations to all departments accordingly. With the zero environmental hazard commitment, the Group achieved a 100% satisfactory rate in waste separation and required all hazardous waste to be handled by the S&E Department. The Group will provide regular training on hazardous waste disposal to raise employee awareness. The Production Department and S&E Department carry out daily monitoring. In case of violations, prompt actions will be taken.

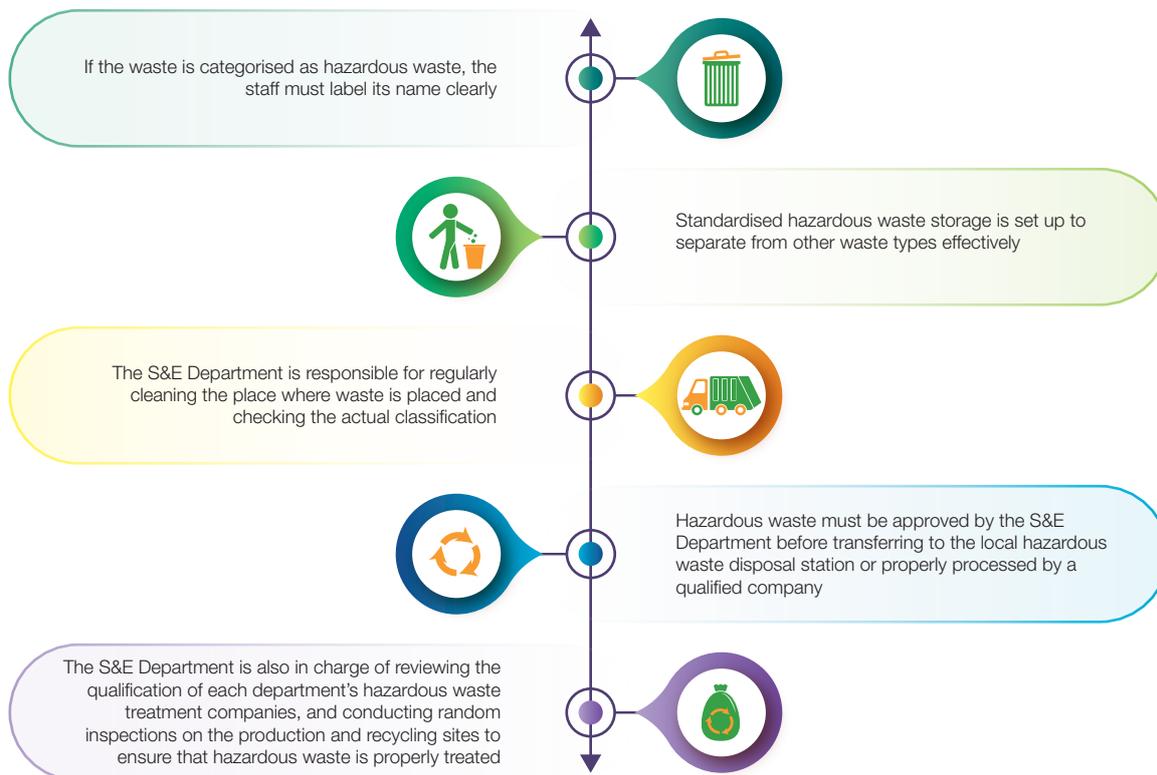
The Group formulated the internal “Waste Management Guidelines” to provide employees with standardised procedures and guidelines regarding waste handling and thus facilitate sound waste management. The guidelines aim at avoiding potential waste disposal risks to the Group and local communities, while ensuring that production activities comply with national laws and regulations related to waste disposal. Each department shall assign a dedicated person to collect data on the waste generated by that department.

Waste generated are generally divided into two main categories, namely recyclable and non-recyclable waste:



Hazardous waste management is a material environmental issue identified by the Group. Due to the nature of hazardous wastes that can cause work safety risks and affect the health of employees, the Group pays special attention to its proper disposal. Centralised storage and management of other non-recyclable waste were the responsibility of the Administration Department. Meanwhile, each department must reuse or recycle the waste generated from manufacturing as far as possible. For instance, the Group utilises the paint bucket flattening machine to flatten waste paint barrels to save storage space. In 2022, the Group added a new weighing spreader which can accurately weigh hazardous waste oil drums when entering the warehouse, avoid weight errors during transfer, and improve hazardous waste management. The Group also lays filter cotton in the pit of the painting workshop for pre-filtration to avoid the generation of large amounts of hazardous waste. Besides, the Group continues to monitor the use of paint barrel liners in the painting process of the Production Department to avoid contamination of paint barrels and ensure that the generation of the waste paint barrels, a type of hazardous waste, are minimised. During the reporting year, all hazardous wastes were properly classified, transported and disposed of locally.

8. Environmental Management



Waste	Unit	2023	2022
Total amount of hazardous waste (treated by incineration)	tonnes	60	41 ^{Note 11}
Total amount of non-hazardous waste recycled	tonnes	88	154

Note 11: The total amount of hazardous waste treated in 2022 was restated.

		Amount (tonnes)	Percentage
Recycled waste	Wood	22	25.3
	Steel	58	66.7
	Carton	7	8.0

Hazardous waste treatment increased during the reporting year as the company has enhanced the processing capacity of the exhaust gas treatment equipment, resulting in an increase in the frequency of replacing activated carbon from 2 times to 4 times. Therefore, there has been an increase in the generation of waste activated carbon, leading to an increase in the quantity of hazardous waste produced. The Group will continue to strive to reduce the generation and recycling of waste to reduce its environmental footprints.

8.6. Material Use

To reduce the carbon footprint caused by material transportation and support the local economy, the Group prioritises local procurement and uses recycled materials to make fire-fighting sandboxes, dormitory water heater, bases, and brackets for CNC cutting machines. This makes daily operations more environmental-friendly and economically efficient, and reduces the need to purchase new raw materials. On top of the green procurement strategy, the Group has been focusing on the operating concept of the circular economy through reducing the use of resources, promoting product recycling, and reusing resources.

8. Environmental Management

Reducing waste at source is one of the Group's concepts on material usage. For manufacturing asphalt mixing plants, steel is a crucial raw material. Therefore, D&G uses renewable steel to minimise the environmental footprint from the use of steel. The Group also selects reusable or recycled cartons and wood such as pallets and boxes in the production base, and packs them in batches as much as possible, which increases the number of items in each package to reduce the use of packaging materials.

By establishing a more accurate fixed-rate picking system, the Group strives to control the material used for each equipment to achieve the goals of saving RMB 11,000 in single production costs and reasonably using materials in stock for more than half a year. The Group would also optimise warehouse space to ensure the quality and safety of the materials. The Procurement Department and Finance Departments are responsible for the classification and management of the purchased materials, which are divided into four categories according to demand:

Material Types	Definition	Management Methods
A	Small variety and large amount of funds needed	Frequently audit inventory and accurately calculate the actual demand of materials to avoid excessive amounts or waste
B	Percentages of varieties and costs are approximately equal	Regularly audit inventory, comparatively less frequent than type A materials
C	Large variety and small amount of funds needed	Regularly audit inventory, comparatively less frequent than type B materials
D	Stagnant materials ^{Note 12}	Intermittently conduct an audit as compared to other types of materials

Note 12: Stagnant materials are defined as materials with little consumption and low inventory turnover.

8.7. Climate Change

Due to the irreversible impact of climate change on the Earth's ecology, various industries have announced carbon neutrality targets and will gradually transition to a low-carbon economy. The Group recognises that its business will be affected by climate change phenomena such as rising temperatures, typhoons, and extreme weather. When planning and designing new projects, we will consider climate risks and incorporate its impact into our business continuity plans. We have outlined the climate-related risks and opportunities with reference to the four core elements recommended by the Task Force on Climate-related Financial Disclosures (TCFD), which include governance, strategy, risk management, and metrics and targets.

Governance

The Board has assessed the importance of identifying ESG risks, including climate-related risks, and oversees the progress of ESG-related objectives and measures. The Board has established management policies and strategies for the Group's climate and other ESG matters and incorporates ESG considerations as part of its business decision-making processes.

On the execution level, the Sustainability Committee is responsible for managing climate-related risks identified and facilitating decision-making and implementation of relevant strategies and policies, supported by the inter-departmental sustainable development working group.

Strategy

Physical climate risks manifest in the form of extreme weather events such as heavy rain, floods, typhoons, and rising sea levels, which are characterised by higher frequency and intensity. These events pose a significant risk of operational disruptions, damage to production and operational facilities, and decreased productivity. They may also trigger secondary disasters, affect employee safety, and cause environmental pollution. In addition, rising average temperatures may increase the operating costs of the company, such as increased cooling water demand for equipment and air conditioning needs for offices. The Group will monitor extreme weather conditions, develop disaster emergency policies, and carry out facility upgrades to improve disaster protection levels.

Transition climate risk refers to the evolution of regulatory, technological, and market patterns resulting from climate change action. As the government has set carbon neutrality targets, the Group expects regulatory agencies to adopt stricter climate action measures, which may increase the Company's compliance costs for carbon emissions. In addition, the technological innovation involved in transitioning to a low-carbon and energy-efficient economy will increase the Group's R&D investment expenditure in clean energy, new energy, and emission reduction technologies. The Group is actively formulating management policies and strategies to address transition climate risk.

8. Environmental Management

Risk management

The Group understands the importance of internal monitoring and risk management. Organised internal monitoring and risk management systems are closely related to the sustainable development of the enterprise. Therefore, the Board continues to monitor the internal monitoring and risk management system to identify climate change risks and opportunities and to enhance the resilience of the Group.

Metrics and targets

As the potential impact of climate change on future business increases, the Group plans to enhance its low-carbon policies and performance. The Group is committed to reducing carbon emissions year by year and has already implemented multiple measures in daily operations to reduce energy, water, and material usage to achieve this goal. For the scope 1 and 2 GHG emissions, please refer to the performance table. In relation to scope 3 emission, the Group is working on optimising the data collection methodology and is planning to disclose the data in the future reports. The Group will continue to implement more measures and take proactive action to achieve its targets.

8.8. Environmental Initiatives

To raise employees' environmental awareness, D&G promotes environmental protection in production bases and the workplace. The Group expects employees to understand that everyone should contribute to building a sustainable society, and cultivate positive environmental values. Therefore, the Group takes an active leading role to participate in various environmental protection initiatives, to build a green living and working environment together.

19th Green Carnival

D&G has sponsored Green Carnival since 2017. Organised by Green Council, the 19th Green Carnival was held on 15th January 2023 at Kowloon Bay Construction Industry Council (CIC) – Zero Carbon Park. Ms Glendy Choi, CEO of the Group, attended the event's opening ceremony. On the day of the event, there were many booths and performances by different educational groups, which attracted many visitors.



Earth Hour

On 26th March 2023, D&G participated in "Earth Hour 2023" organised by the World Wide Fund for Nature. All the non-essential lighting at owned properties, factories, offices and employees' homes were switched off for one hour from 20:30 to 21:30.

D&G has been participating in this event for the past 11 years, demonstrating its strong support for environmental protection with concrete actions. Many employees heeded the call to support the Earth Hour initiative to promote environmental awareness.

Hong Kong Green Day 2023

The 5th of June is the Hong Kong Green Day. D&G has been the event sponsor for 8 consecutive years. Ms. Sandra Ng, Assistant to CEO of the Group, attended the opening ceremony and served as a guest on the same day. The Company participated in the "Green Pledge" program, encouraging employees to participate in the "Wearing Green Action" on the 5th of June to show their support.

The Langfang factory has also carried out an internal publicity in advance on the 2nd of June 2023. Through the D&G Parent-Child Carnival activities, together with the promotion of World Environment Day, posters and display boards were featured, while parent-child games related to environmental protection were arranged for several employees' children to record their own videos promoting the implementation of low-carbon living and green mobility. D&G encourages everyone to respond to environmental protection through daily actions.



9. Health of the Community and Wellness of the People

D&G's employees and its operation sites play an important role in the sustainable development of the Group. Thanks to the support of different aspects of the community, together with the outstanding performance of every employee behind it, this helps drive the vigorous development of the Group. As a responsible company, the Group adheres to the people-oriented management policy to fulfil its corporate citizenship responsibilities, starts with the following important social issues, and strives to give back to the society.

9.1 Our Employees

Health and Safety

Through adopting the safety management approach of "Safety First, Focus of Prevention, Integrated Governance", the Group has established safety production policies and measures, therefore enhancing safety awareness in the workplace. Meanwhile, the Group has obtained ISO 45001:2018 Occupational Health and Safety Management System Certification. To closely monitor the actual implementation and effectiveness of relevant policies and measures, the Group has internally established the SLG, which comprises of the President, production manager, and relevant department heads. The SLG helps eliminate potential work risks through risk identification, gap investigation and other measures to ensure that the works complies with the relevant laws and regulations. The Production Department shall be equipped with a full-time (concurrent) safety production management personnel who is responsible for conducting employee education regarding safety production, and implementation of safety production supervision and inspection.

As part of the manufacturing industry, D&G pays specific attention to product safety at the Langfang factory, where production has been identified as the main occupation risk. Therefore, the Group strives to develop a safety culture in the production sites, in which the Group arranges regular safety training for the employees, including fire drills and relevant courses, explaining the occupational hazards and safety practices in detail. To eliminate occupational health and safety hazards, the Group allocates relevant equipment and provides personal protective equipment and labour protection products for staff, such as fire extinguishing equipment, goggles, and gloves.

The Group recognises that employees can develop occupational diseases at work, including pneumoconiosis, eye, ear, nose and throat diseases, and chemical poisoning. Therefore, to protect employee health and safety, the Group arranges annual body checks for employees before, during and after discharging from their job duties. The S&E Department is responsible for distributing the results to the person in charge or employees themselves, forming occupational health summaries and keeping records. Without the approval of the management, the relevant information is not allowed to be borrowed or copied in a bid to protect the employees' privacy. During the reporting year, the Group has not noticed any record of health issues related to occupational hazards.

The Group has set safety production goals – zero major accidents of fire, explosion and chemical leakage; zero occupational diseases; 100% validity of the certificate for special operations personnel; and limiting production days affected by environmental protection or safety issues due to internal reasons to less than 15 days. Under the safety management framework, each department of D&G cooperates with one another, comprehensively manages occupational health and safety, and thereby implements and oversees the relevant measures effectively:

SLG

- Manage daily production safety work, such as conducting safety inspection and monitoring
- Research and develop safe production technology and labour protection plan
- Investigate and handle work-related incidents
- Implement safe production emergency plans
- Review safe production planning and annual plan to set production safety targets
- Update all departments on national laws and regulations related to occupational health and safety

S&E Department

- Standardise occupational risk identification and control processes
- Formulate safe risk management solutions or control plans
- Carry out regular safety inspection in the factory
- Confirm and implement relevant safety measures to comply with the relevant laws and regulations
- Update relevant policies in respect of business as well as the relevant laws and regulations
- Organise consultation and maintain communication with external organisations on safe production matters
- Implement occupational health check plans for employees

9. Health of the Community and Wellness of the People

Human Resources Department (“HR Department”)

- Organise safety education activities such as safety training and fire evacuation drill
- Report incidents to respective departments promptly and conduct follow-up investigations
- Establish communication with the Labour Administration Department of the local government

Production Department

- Provide safe production training to employees
- Implement on-site supervision of safe production
- Execute various safety instructions of SLG

Equipment Department

- Manage ancillary security facilities of various buildings and building measures of the Group
- Employ and communicate with qualified construction contractors
- Inspect various buildings and ancillary security facilities daily to ensure their normal operation

Administration Department

- Ensure the safety of the Group’s drinking water and conduct water quality assessment from time to time
- Manage and repair air conditioning systems of offices and factories
- Formulate contingency plan for food poisoning

Engineers and Technical Staff

- Perform testing on safety technology and labour hygiene technology to ensure the safety, accuracy and stability
- Review and approve technical documents

Talent Recruitment and Retention

D&G believes that employees are its greatest assets, and they play a key role in its business success. The Group’s human resources (“HR”) management is rigorous and includes recruitment, promotion, transfer, salary and benefits, and training development. D&G has formulated an internal employment policy that fully protects the rights and interests of employees. At the same time, the Group is also eager to attract, cultivate, and retain outstanding talents that are consistent with the Company’s development philosophy, to grow together with D&G.

Talent Attraction

D&G strives to foster a diverse and inclusive working environment that unlocks employees’ potential. The Group adheres to the principle of “openness, equality, competition and basis of merits”, to formulate equal opportunity and anti-discrimination employment policies to promote diversity in the workplace. Throughout the hiring process, the Group prohibits any forms of discrimination based on gender, disability, marital status, race, religion, age, nationality and sexual orientation etc. Each new employee is assigned to a two to three months probationary period. The corresponding departments shall provide the employees with unbiased comments based on their work performance including skills, job adaptability and work effectiveness. The results of these assessments are submitted to the General Manager to confirm whether the employees will be officially recruited.

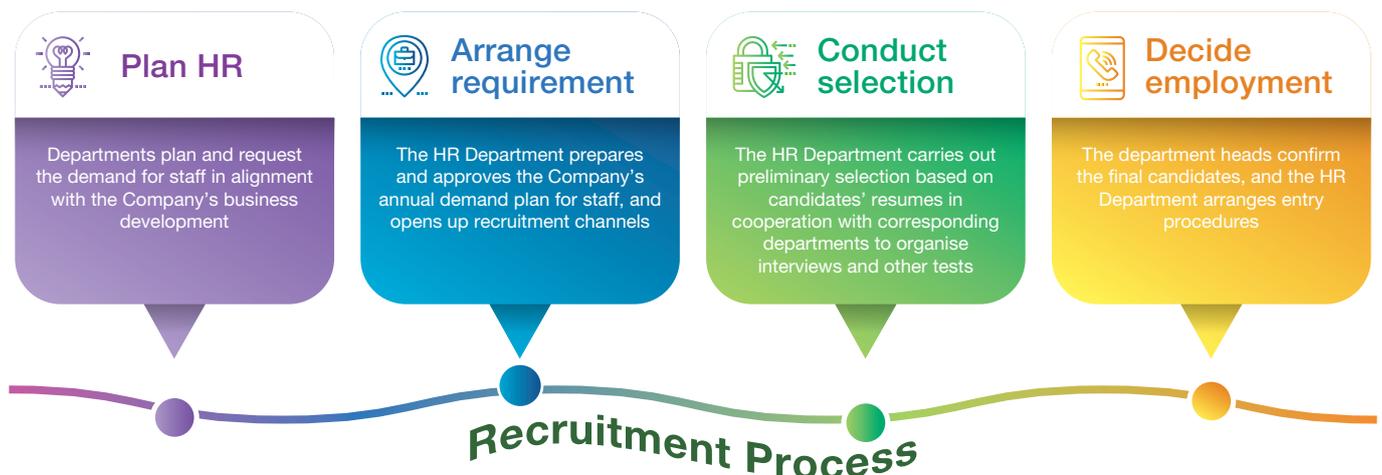
In addition, D&G respects human rights. The Group promptly addresses human rights issues and provides solutions to prevent human rights violations. During the hiring process, the HR Department verifies candidates’ valid identification documents, age and work permit to avoid forced or child labour. If child labour is discovered, the Group will immediately terminate the labour contract and support the individual to return to school. The Group accepts other adult family members as a replacement to work until the child is qualified to work in order to lessen the financial burden of his/her family. In addition, if the child is confirmed to be sick or injured when the contract is terminated, the Group will arrange medical treatment for him/her at qualified medical institutions, and promises that all medical and living expenses during the medical treatment period would be covered. During the reporting year, D&G strictly complied with relevant labour laws and regulations and was not aware of any discrimination, child labour or forced labour cases.

9. Health of the Community and Wellness of the People

In order to avoid the use of forced labour, the Group has specified a number of regulations in the internal code to protect employees' rights:

- No fees shall be charged to employees during the recruitment process
- Employees' identification documents shall not be detained
- Overtime working is only on employees' voluntary basis
- Employees' human rights such as using restrooms and drinking water in the workplace shall not be exploited
- Violence and threats shall not be allowed to force employees to work
- If forced labour is discovered, the management departments shall immediately stop illegal activities, hold the perpetrators accountable and provide appropriate compensation to the employee

The general recruitment process is shown in the diagram below:



Supervisors of various departments conduct appraisals of existing employees to objectively evaluate their work performance in the past year, including work efficiency, coordination with the team, and work attitude. The Group will make corresponding salary adjustments based on the results of the review, and consider granting promotion opportunities.



Procedures of Annual Appraisal



9. Health of the Community and Wellness of the People

Employee Benefits

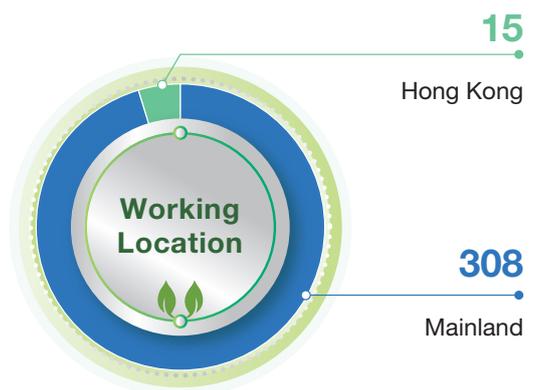
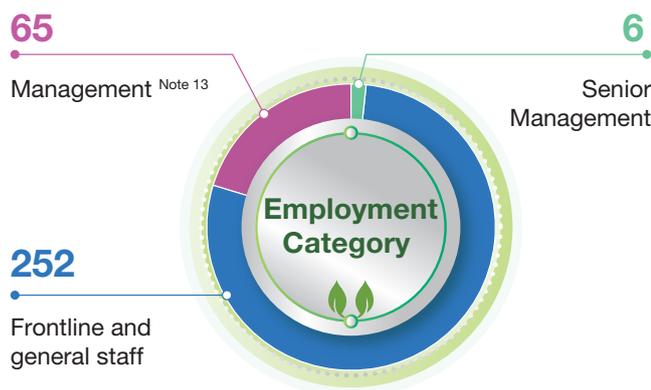
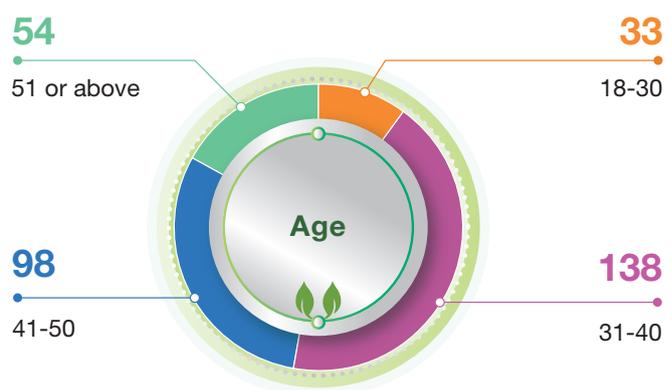
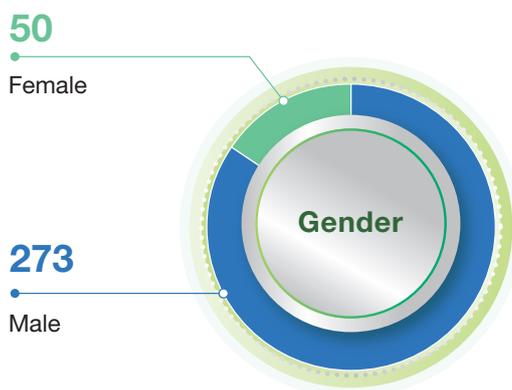
The Group strives to create a harmonious and friendly working environment. In accordance with local government requirements, the Group has ensured that employees receive due benefits, reasonable remuneration packages and other comprehensive protections. Since the Group's significant location of operation is based in China, its HR management is also mainly focused on these bases.

The Group provides the following benefits to the employees:

- o Provide communication subsidies to employees who need external communication
- o Provide cooling snacks and drinks that help prevent heat stroke to employees
- o Provide medical support to sick employees
- o Offer solatium to employees whose relatives passed away
- o Offer service awards to employees who served the Company for more than 10 years
- o Set up various sports venues and sports equipment in the factory
- o Offer social insurance and housing provident fund for employees
- o Provide dormitory or shuttle bus for employees in factory
- o Set up staff canteen in the factory
- o Offer presents or cash prize to employees as festival celebration
- o Enjoy national rest days and statutory holidays
- o Organise birthday parties and offer shopping vouchers for employees

In terms of remuneration packages, the Group provides reasonable remuneration to employees. The salary level of employees is formulated according to their job responsibilities, required qualifications and skills, labour and market factors, and following the principles of economy, legitimacy, comparability, and competitiveness. The Group also implements an overtime pay policy. All employees must first notify the manager and gain approval before working overtime, and obtain overtime payments according to the number of working hours extended. In addition, employees who have worked for more than a year can enjoy an annual bonus on a monthly basis, which commends and encourages employees for their dedication to D&G. In respect of recruitment, transfer, resignation, assessment, training and internal communication, the Group takes mutual respect and protection of employees' rights as its primary principles. To minimise the impacts on operational efficiency, the HR Department to consistently monitor turnover data and evaluate the reasons behind so as to ensure effective turnover management. All employees in the reporting year were full-time and permanent.

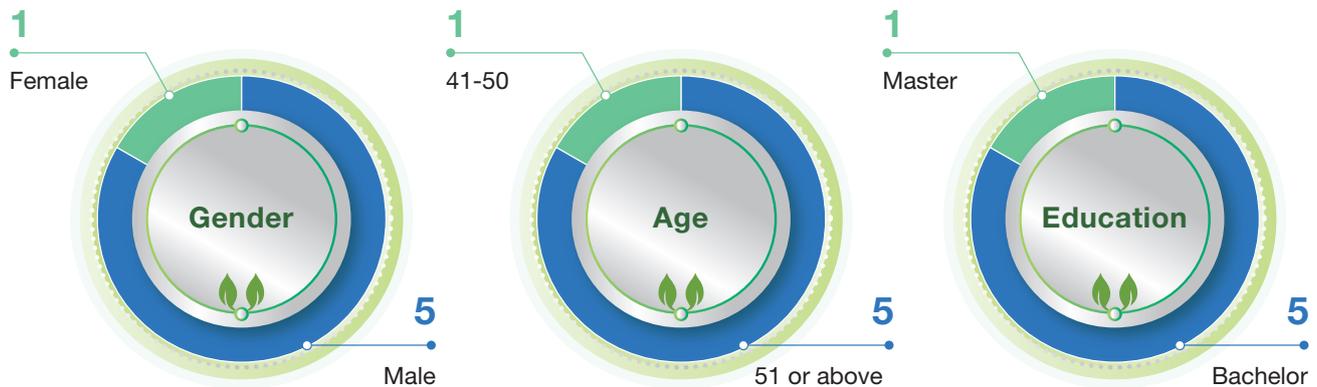
Employee details:



Note 13: Management refers to employees ranked "Manager" apart from the Group's Senior Management.

9. Health of the Community and Wellness of the People

Senior Management ^{Note 14}:



Note 14: Senior Management refers to the Group's Executive Directors and Chief Financial Officer.

All employees in the reporting year were full-time and permanent.

In addition, the Group values the opinion and ideas of its employees and conducts annual employee satisfaction surveys to gain insights into their views on the company and work arrangements, including assessment and salary adjustment, division of labour and team coordination, training and professional development, internal communication and team spirit, and working environment and supporting facilities. As one of the stakeholders that understand the Group's business operations best, the valuable opinions of employees are an important factor in pushing D&G forward. After collecting the questionnaire results, the HR Department would consolidate and analyse the data to make suggestions to the management for careful consideration. If necessary, the Group will notify each department of the implementation of relevant policies and measures and cooperate with their implementation within a specified timeframe.

Employee Cohesion

The Group also attaches importance to the physical and mental health of its employees, and emphasises their sense of belonging in their work positions. D&G focuses on establishing team spirit and tacit understanding between employees by providing employees with a healthy and harmonious working environment. Meanwhile, the Group is also committed to providing employees with nutritious and balanced meals in the staff canteen set up in the factory. The Group's Corporate Culture Team organised several employee activities during the reporting year to promote healthy living:

"Safe Production Month" Activity Series

D&G's "Safety Production Month" was held in June 2023. During that month, D&G has organised a series of safety-related activities to raise employee's occupational health and safety awareness in the workplace.



"Quality Month" Activity

From September to November, the company held the "Quality Month" event, aiming to enhance the stability of product quality through activities such as promoting and explaining quality awareness, interactive activities, process and technical training, as well as improving quality inspection standards and specifications.

"Fire Safety Month" Activity Series

November was "Fire Safety Month". D&G organised activities such as "Fire Safety Special Training" and "Fire Drills".



9. Health of the Community and Wellness of the People

Training and Development

D&G values the personal professional development of employees and encourages them to regularly enrich their knowledge and skills, to understand and keep up with changes in the industry. Therefore, the Group promises to provide employees with diversified and appropriate training opportunities and development plans, to stimulate their potential, improve the quality of employees, promote the steady development of business, and convey a sustainable corporate culture. To improve the overall professional level of employees, and formulate training strategies for the coming year, the HR Department is responsible for supervising, organising and implementing training plans. Besides, the Group would carry out an annual survey on employees' training needs based on the "Employee Training Management Guidebook", and evaluate the training plans provided by all departments to construct training strategies for the upcoming year. In order to ensure the effectiveness of the training, the HR Department assesses the employees' training outcomes and effectiveness through different assessment methods, such as written tests or live demonstrations. The HR Department also distributes questionnaires to participating employees after each training to collect feedback, and takes it as a reference for the improvement of future training plans.

Based on the training needs of employees and their positions, the Group provides suitable, wide-ranging and diversified training programs:

Value training:	Job skills training:
Convey the Company's strategy, behavioural norms, occupational ethics and values, and increase employees' working motivation	Provide standardised training corresponding to job duties and improve employees' skills in process and operation
Professional knowledge training:	Management training:
Enhance professional knowledge and skills training related to employees' positions	Provide management knowledge and idea training for the employees with management potential, enabling them to understand the Company's development goals and business strategies

In order to provide comprehensive training resources, the Group has formulated training strategies based on the following principles:



Focused:

Focus on meeting the needs of the Group's long-term development strategy and improving employees' business skills and comprehensive quality



Systematic:

Provide comprehensive and systematic training in line with the Company's overall development direction and employees' personal career development



Participative:

Encourage employees to participate in trainings

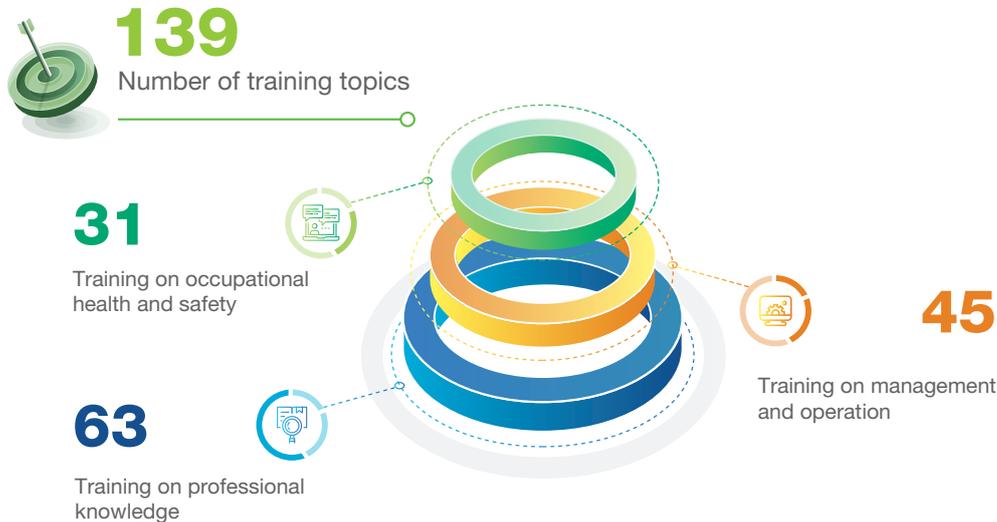


Applicable:

Emphasise the practicality of training and its added value to employees to ensure the effectiveness of training

9. Health of the Community and Wellness of the People

D&G’s training plan is mainly classified into three categories, namely occupational health and safety, management and operation, and professional knowledge. During the reporting year, D&G has arranged a series of training programmes covering these areas:



Average Training Hours of Employee & Percentage

	Average Training hour (hr) ^{Note 17}	Percentage ^{Note 18}
All employees	29.4	96
By Gender		
Male	31.4	85
Female	18.9	15
By Employment Category		
Senior management ^{Note 15}	20.5	1
Management ^{Note 16}	16.6	20
Frontline and general staff	33.0	79

Note 15: Senior Management refers to the Group’s Executive Directors and Chief Financial Officer.

Note 16: Management refers to employees ranked “Manager” apart from the Group’s Senior Management.

Note 17: The average number of training hours = the total annual training hours of this group of employee/the number of that group of employees.

Note 18: Percentage = total annual training hours for this group of employee/total annual training hours.

9.2 Our Community

D&G’s production business is inseparable from the community. Therefore, the Group is committed to taking social responsibility, and actively extending care from the supply chain and working environment to the community. In addition to environmental protection work, the Group focuses its resources on young people and disadvantaged groups. During the reporting year, D&G donated HKD 13,000 (equivalent to around RMB 11,900) for supporting environmental engagement events in Hong Kong such as Hong Kong Green Day 2023, RMB 15,000 for donating goods and materials to Yongqing flood-stricken areas, and RMB 20,000 for Yanshan University scholarship. The Group will maintain active participation in community development and leverage its network and influence to carry out community investment projects as a fulfilment of its corporate social responsibility.

D&G continued the five years of “D&G Machinery Scholarship” with Yanshan University, Changan University, Hebei University of Science and Technology, and Shandong Jiaotong University respectively, with an aim to reward students with excellent academic performance. In addition, D&G provides an off-campus training base for Changan University, cooperates to build an industry-university-research demonstration base. In July 2023, 14 students and 2 teachers from Changan University were welcomed to participate in summer practical activities at D&G Machinery.

10. Looking Forward

Amid ongoing challenges in the future, such as the post-pandemic era adaption, political and economic instability, the climate change crisis, and other sustainability-related concerns, D&G will continue to conduct comprehensive risk assessments and business planning, to adapt to the constantly changing market conditions and enhance resilience against potential risks. The Group will also uphold robust and ethical governance by reviewing relevant policies and management mechanisms to ensure smooth and effective operations.

Regarding environmental and social risk management along the supply chain, D&G will continue evaluating its suppliers, closely monitoring their emission data and operation practices, and striving to reduce its own environmental footprint and overall impact on the environment. Embracing the principles of the circular economy, D&G aims to enhance the working and living environment for its employees and communities, foster a more sustainable and valuable supply chain, and actively contribute to the SDGs.

11. Performance Table

Environmental Performance

Indicator	Unit	2023	2022	2021
Materials ^{Note 1}				
Total weight of material consumption	tonnes	640	1,473	1,648
Use of non-renewable materials (Steel)	tonnes	606	1,437	1,593
Use of renewable materials (Wood and cartons)	tonnes	35	36	55
Air Emissions ^{Note 2}				
PM	tonnes	0.77	1.84	1.47
SO _x	tonnes	0.00	0.00	0.02
NO _x	tonnes	0.15	0.23	0.30
GHG Emissions ^{Note 3}				
Scope 1: Direct GHG emission ^{Note 4}	tCO ₂ e	666	499	796
Scope 2: Indirect GHG emission ^{Note 5}	tCO ₂ e	1,699	2,413	3,756
Total GHG emissions	tCO ₂ e	2,365	2,912	4,552
Total GHG emissions intensity	tCO ₂ e/RMB'M Revenue	8.51	8.43	10.61
Energy Consumption				
Electricity consumption	MWh	2,634	2,569	3,995
	GJ	9,484	9,250	14,382
Natural gas consumption	MWh	3,325	2,514	4,005
	GJ	11,971	8,980	14,305
Total energy consumption	MWh	5,959	5,083	8,000
	GJ	21,455	18,230	28,687
Energy intensity	MWh/RMB'M Revenue	21.45	14.72	18.65
Water Consumption				
Total water consumption	m ³	12,941	18,009	20,211
Water intensity	m ³ /employee	40.1	46.9	53.0
Hazardous Waste				
Total hazardous waste	tonnes	60	41 ^{Note 6}	80
Non-hazardous Waste ^{Note 7}				
Total recycled materials	tonnes	88	154	275
Recycled steel	tonnes	58	112	208
Recycled paper	tonnes	7	10	12
Recycled wood	tonnes	22	32	54
Total scrap non-hazardous waste	tonnes	0	0	0
Recycled non-hazardous waste	%	100	100	100

Note 1: Material consumption data has been disclosed since 2018 in accordance with the GRI standards. The Group did not use any recycled input materials, so the relevant data was not disclosed. During the reporting year, the amount of material consumption was reduced because the production of the plant was reduced under the unstable political and economic environment.

Note 2: Air emissions were calculated based on monitored concentrations and emission rates, and were calculated using dry gas flow and annual operating hours, respectively. The Group's air emissions did not include emissions of persistent organic pollutants, VOC and hazardous air pollutants, as they are not material to the operation of the Group.

Note 3: The Group reported in accordance with the principles and methods of local and international carbon accounting standards. The direct GHG emissions (Scope 1) include GHG emissions from natural gas combustion owned or managed by the Group and were calculated in accordance with the GHG Protocol Tool for Energy Consumption in China (Version 2.1). The indirect GHG emissions (Scope 2) include the electricity purchased by the Group, the emission factors for electricity used in China was referenced to the 2019 China Regional Grid Baseline Emission Factor; for Hong Kong was referenced to the Hong Kong Electric Power 2022 Annual Report; The energy conversion factor for natural gas was calculated in accordance with China's CO2 emissions accounting and reporting guidelines. The Group's total GHG emissions did not include other indirect GHG emissions (Scope 3) because they are insignificant to the Group's operations.

Note 4: Although the Group's GHG emissions currently do not include those arising from its vehicles as it is relatively not material, D&G shall review the GHG emission scope on a regular basis to enhance disclosure for future reports.

Note 5: As part of the electricity consumption of the Langfang factory used clean electricity generated by rooftop photovoltaics installed in late 2022 and Hong Kong office purchased a REC, Scope 2 emissions have been significantly decreased during the reporting year.

Note 6: The total amount of hazardous waste treated in 2022 was restated.

Note 7: Non-hazardous waste includes: scrap steel, wood and cartons. Since 2018, D&G has recycled all non-hazardous waste from the production process, so there is no data regarding the amount of non-hazardous waste disposal. Currently, the Group only discloses the amount of non-hazardous waste that is relatively material to its production. The Group is progressively upgrading the waste collection and data management system to enhance the disclosure of non-hazardous waste in the future.

11. Performance Table

Social Performance

Indicator	Unit	2023	2022	2021
Workforce				
Total	No. of people	323	384	381
By Gender				
Male	No. of people	273	318	315
Female	No. of people	50	66	66
By Employment Category				
Senior management ^{Note 8}	No. of people	6	6	6
Management ^{Note 9}	No. of people	65	75	72
Frontline and general staff	No. of people	252	303	303
By Age				
18-30	No. of people	33	47	54
31-40	No. of people	138	168	162
41-50	No. of people	98	93	91
51 or above	No. of people	54	76	74
By Working Location				
Hong Kong	No. of people	15	14	14
Langfang	No. of people	239	298	295
Beijing	No. of people	24	27	27
Shanghai	No. of people	17	16	16
Guangzhou	No. of people	21	23	22
Chengdu	No. of people	5	5	4
Others ^{Note 10}	No. of people	2	1	1
Senior Management Breakdown				
By Gender				
Male	No. of people	5	5	5
Female	No. of people	1	1	1
By Age				
31-40	No. of people	0	0	0
41-50	No. of people	1	1	1
51 or above	No. of people	5	5	5
By Academic Qualification				
Bachelor	No. of people	5	5	5
Master	No. of people	1	1	1

11. Performance Table

Indicator	Unit	2023	2022	2021
New Employee Hire Breakdown				
Total	No. of people	13	26	33
By Gender				
Male	No. of people	10	23	29
Female	No. of people	3	3	4
By Age				
18-30	No. of people	0	6	13
31-40	No. of people	6	16	16
41-50	No. of people	5	4	4
51 or above	No. of people	2	0	0
By Working Location				
Hong Kong	No. of people	2	0	0
Langfang	No. of people	6	23	31
Beijing	No. of people	2	0	0
Shanghai	No. of people	1	0	0
Guangzhou	No. of people	0	3	2
Chengdu	No. of people	1	0	0
Others ^{Note 10}	No. of people	1	N/A	N/A
Employees Turnover Rate ^{Note 11}				
Overall	No. of people	74	23	54
	%	20.9	6.0	13.8
By Gender				
Male	No. of people	55	20	43
	%	18.6	6.3	13.4
Female	No. of people	19	3	11
	%	32.8	4.5	15.8
By Age				
18-30	No. of people	6	6	17
	%	15.0	12.0	28.6
31-40	No. of people	26	12	14
	%	17.0	7.3	8.5
41-50	No. of people	13	3	14
	%	13.6	3.3	14.8
51 or above	No. of people	29	2	9
	%	44.6	3.2	12.6

11. Performance Table

Indicator	Unit	2023	2022	2021
By Working Location				
Hong Kong	No. of people	1	0	0
	%	6.9	0	0
Langfang	No. of people	64	20	48
	%	23.8	6.7	15.7
Beijing	No. of people	6	0	5
	%	23.5	0	17.9
Shanghai	No. of people	0	0	0
	%	36.4	0	0
Guangzhou	No. of people	2	2	0
	%	27.3	8.9	0
Chendu	No. of people	1	0	0
	%	120	0	0
Others ^{Note 9}	No. of people	0	1	1
	%	0.0	50.0	28.6
Occupational Health and Safety				
Total number of work-related fatalities	No. of incident(s)	0	0	0
Total number of injuries	No. of incident(s)	2	3	5
Injury rate per 1,000 employees	—	6.2	7.8	12.8
Lost day(s)	Day(s)	55	213	250
Lost time incident rate (LTIR) ^{Note 12}	—	0.6	0.8	1.3
Training and Education				
Topics	No.	139	142	170
By Types of Topics				
Occupational health and safety	Hours	59	52	93
Management and operation	Hours	199.5	56.5	182
Professional knowledge	Hours	178.8	176.2	432.5
All types	Hours	437.3	284.7	707.5

11. Performance Table

Indicator	Unit	2023	2022	2021
Average Training Hours and Percentage of Employees				
By Gender				
Male	Hours	31.4	28.6	23.7
	%	85	84	86
Female	Hours	18.9	13.6	20.4
	%	15	16	14
By Employment Category				
Senior management	Hours	20.5	46.2	35.3
	%	1	2	4
Management	Hours	16.6	22.8	34.5
	%	20	19	26
Frontline and general staff	Hours	33.0	26.4	20.2
	%	79	79	70
Geographical Location of Suppliers				
China	No.	150	149	154
	%	97.4	97.4	97.5
Overseas (Outside China)	No.	4	4	4
	%	2.6	2.6	2.5
Community investment				
Donations and sponsorships	RMB	46,900	113,333	18,000

Note 8: Senior Management refers to the Group's Directors and Chief Financial Officer.

Note 9: Management refers to employees ranked "Manager" apart from the Group's Senior Management.

Note 10: Others refers to other cities in China and overseas countries including Pakistan, India and Thailand.

Note 11: The number of employee turnover and employee turnover rate are only applicable to full-time employees. The turnover rate is calculated as follows:

$$\text{Turnover rate} = L/E * 100\%$$

L = Number of employee turnover in the reporting year

E = (Number of employee at the beginning of the year + number of employee at the end of the year)/2

Note 12: Lost Time Injury Rate (LTIR) - the ratio is the number of all fatal and lost working hours incidents multiplied by 200,000 working hours (equivalent to approximately 100 working hours per year) divided by working total hours.

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12.1 HKEX ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operation
KPI A1.1	The types of emissions and respective emissions data	Air Emissions; Performance Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Climate Change; Energy Consumption; Performance Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management; Performance Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management; Performance Table
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Targets; Air Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Targets; Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Climate Change; Energy Consumption; Water Consumption and Wastewater Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Targets; Water Consumption and Wastewater Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group does not directly use any packaging materials, therefore, related data is not disclosed.

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Climate Change; Energy Consumption
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Water Consumption and Wastewater Management; Air Emission
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Risk Management; Climate Change
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (a) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Our Employees; Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Our Employees; Performance Table
Aspect B2: Health and Safety		
General Disclosure	Information on: (b) the policies; and (c) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Employees
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Performance Table
KPI B2.2	Lost days due to work injury.	Performance Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Performance Table

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Table
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Employees
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Procurement
KPI B5.1	Number of suppliers by geographical region.	Sustainable Procurement Performance Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Procurement

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Assurance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Assurance; Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protecting Data Privacy and Intellectual
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protecting Data Privacy and Intellectual
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community

12.2 GRI Standards Content Index

Statement of use	D&G Technology Holding Company Limited has reported in accordance with the GRI Standards for the period 1 January 2023 – 31 December 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Standard	Disclosure	General Disclosure ("GD") and Key Performance Indicator ("KPI") of the HKEX ESG Guide	Section/Statement
General Disclosures			
GRI 2: General Disclosures 2021	1. Organisational Profile		
	2-1	Organisational details	Reporting Period and Scope; Business Review
	2-2	Entities included in the organisation's sustainability reporting	Board's Statement; Reporting Framework; Reporting Principles
	2-3	Reporting period, frequency and contact point	Reporting Period and Scope; Contact Details
	2-4	Restatements of information	The total amount of hazardous waste treated in 2022 was restated.
	2-5	External assurance	Verification Statement

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12.2 GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
GRI 2:General Disclosures 2021	2. Activities and workers		
	2-6	Activities, value chain and other business relationships	KPI B5.1 KPI B5.2 KPI B5.3 KPI B5.4 Business Review; Sustainable Procurement
	2-7	Employee	KPI B1.1 Our Employees; Performance Table
	2-8	Workers who are not employees	All employees in the reporting year were full-time and permanent. For detailed information about employees, please refer to the Performance Table.
	3. Governance		
	2-9	Governance structure and composition	Sustainability Corporate Management and Robust Governance
	2-10	Nomination and selection of the highest governance bod	Please refer to the Group’s 2023 Annual Report
	2-11	Chair of the highest governance body	Please refer to the Group’s 2023 Annual Report
	2-12	Role of the highest governance body in overseeing the management of impacts	Please refer to the Group’s 2023 Annual Report
	2-13	Delegation of responsibility for managing impacts	Please refer to the Group’s 2023 Annual Report
	2-14	Role of the highest governance body in sustainability reporting	Please refer to the Group’s 2023 Annual Report
	2-15	Conflicts of interest	Please refer to the Group’s 2023 Annual Report
	2-16	Communication of critical concerns	Please refer to the Group’s 2023 Annual Report
	2-17	Collective knowledge of the highest governance body	Please refer to the Group’s 2023 Annual Report
	2-18	Evaluation of the performance of the highest governance body	Please refer to the Group’s 2023 Annual Report
	2-19	Remuneration policies	Please refer to the Group’s 2023 Annual Report
	2-20	Process to determine remuneration	Please refer to the Group’s 2023 Annual Report
	2-21	Annual total compensation ratio	Please refer to the Group’s 2023 Annual Report

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12.2 GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
General Disclosures			
GRI 2:General Disclosures 2021	4. Strategy, policies and practices		
	2-22	Statement on sustainable development strategy	Board’s Statement; Sustainability Goals and Highlights
	2-23	Policy commitments	Sustainability Corporate Management and Robust Governance; Risk Management; Ethics and Integrity Regarding human rights, the Group has a “Statement on the Prevention of Modern Slavery” (for forced labor). In addition, the labor contract signed by the Group and its employees clearly states that “according to the relevant laws and regulations of the “Labor Law”, “Labor Contract Law” and “Regulations on the Implementation of the Labor Contract Law”, Party A and Party B follow the principles of legality, fairness, equality, voluntariness, consensus and integrity to develop the labor contract.” There are also relevant employee management systems, including protection for female labours and child labours management systems.
	2-24	Embedding policy commitments	Please refer to the Group’s 2023 Annual Report
	2-25	Processes to remediate negative impacts	The Group has relevant policies and procedures to clarify the remedial and whistleblowing processes for dealing with negative impacts, including the “Code of Conduct for D&G Machinery Employee” to regulate employee behavior. There is another whistleblowing policy (“Employee Reward and Punishment System”) and anti-bribery/corruption prevention policy (“D&G Employee Integrity and Self-discipline Commitment”), as well as documents such as “Employee Satisfaction Management Measures” and “Customer Complaint Handling Process”.
	2-26	Mechanisms for seeking advice and raising concerns	Please refer to the Group’s 2023 Annual Report

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12.2 GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
General Disclosures			
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	Operational Compliance Please refer to the Group’s 2023 Annual Report
	2-28	Membership associations	Industrial Partnership; Our Community
	5. Stakeholder engagement		
	2-29	Approach to stakeholder engagement	KPI B6.2 Communication Channels; Materiality Assessment
	2-30	Collective bargaining agreements	Percentage of total employees covered by collective bargaining agreements (that is union) was 96% in the reporting year.
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Reporting Framework; Reporting Principles
	3-2	List of material topics	Reporting Framework; Reporting Principles; Materiality Assessment
Economic Performance			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A4 KPI A4.1 Risk Management; Climate Change
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Please refer to the Group’s 2023 Annual Report
	201-2	Financial implications and other risks and opportunities due to climate change	Risk Management; Climate Change
	201-3	Defined benefit plan obligations and other retirement plans	Please refer to the Group’s 2023 Annual Report
	201-4	Financial assistance received from government	Please refer to the Group’s 2023 Annual Report

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12.2 GRI Standards Content Index

GRI Standard		Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
Indirect Economic Impacts				
GRI 3: Material Topics 2021	3-3	The management approach and its components		Sustainability Corporate Management and Robust Governance
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported		Please refer to the Group’s 2023 Annual Report
	203-2	Significant indirect economic impacts		Please refer to the Group’s 2023 Annual Report
Procurement Practices				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B5 KPI B5.2 KPI B5.3 KPI B5.4	Sustainable Procurement
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	KPI B5.1	Sustainable Procurement Performance Table
Anti-corruption				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B7 KPI B7.2 KPI B7.3	Anti-corruption
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption		The percentage of operations assessed for risks related to corruption: 100% There were no significant risks related to corruption identified through the risk assessment in the reporting period.
	205-2	Communication and training about anti-corruption policies and procedures	KPI B7.3	Anti-corruption
	205-3	Confirmed incidents of corruption and actions taken	KPI B7.1	Anti-corruption
Anti-competitive Behavior				
GRI 3: Material Topics 2021	3-3	The management approach and its components		Ethics and Integrity
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		Ethics and Integrity

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12.2 GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
Tax			
GRI 3: Material Topics 2021	3-3	The management approach and its components	Please refer to the Group’s 2023 Annual Report
GRI 207: Tax 2019	207-1	Approach to tax	Please refer to the Group’s 2023 Annual Report
	207-2	Tax governance, control, and risk management	Please refer to the Group’s 2023 Annual Report
	207-3	Stakeholder engagement and management of concerns related to tax	Please refer to the Group’s 2023 Annual Report
	207-4	Country-by-country reporting	Please refer to the Group’s 2023 Annual Report
Materials			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A2 GD A3 Material Use; Performance Table
GRI 301: Materials 2016	301-1	Materials used by weight or volume	KPI A2.5 Material Use; Performance Table The Group did not have any direct consumption of packaging material and thus, the relevant data were not disclosed and not applicable.
	301-2	Recycled input materials used	The Group did not have any recycled input material due to the nature of business and thus, the relevant data were not disclosed and not applicable.
	301-3	Reclaimed products and their packaging materials	The Group did not have any direct consumption of packaging material and thus, the relevant data were not disclosed and not applicable.
Energy			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A2 GD A3 Energy Consumption
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	KPI A2.1 Energy Consumption; Performance Table
	302-2	Energy consumption outside the organisation	KPI A2.1 Not applicable. The energy consumption of the reporting year was not included the energy consumption outside the organisation due to it was not material to the Group’s operation.
	302-3	Energy intensity	KPI A2.1 Energy Consumption; Performance Table
	302-4	Reduction of energy consumption	KPI A2.3 Energy Consumption
	302-5	Reductions in energy requirements of products and services	KPI A2.3 Energy Consumption

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12.2 GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
Water and Effluents			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A2 GD A3 Water Consumption and Wastewater Management
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	KPI A2.4 KPI B5.3 Water Consumption and Wastewater Management There is no significant risk on sourcing water in the factory of D&G.
	303-2	Management of water discharge-related impacts	GD A3 KPI A3.1 Water Consumption and Wastewater Management
	303-3	Water withdrawal	KPI A2.4 All our withdrawn water is freshwater, in which the total dissolved solids is equal to or lower than 1,000 mg/L.
	303-4	Water discharge	Water Consumption and Wastewater Management
	303-5	Water consumption	KPI A2.2 Water Consumption and Wastewater Management
Emissions			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A1 GD A3 KPI A3.1 Energy Consumption; Climate Change; Performance Table
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	KPI A1.1 KPI A1.2 Energy Consumption; Climate Change; Performance Table
	305-2	Energy indirect (Scope 2) GHG emissions	KPI A1.1 KPI A1.2 Energy Consumption; Climate Change; Performance Table
	305-3	Other indirect (Scope 3) GHG emissions	KPI A1.1 Not applicable. The Group’s total GHG emissions did not include other indirect GHG emissions (Scope 3) because they are insignificant to the Group’s operations.
	305-4	GHG emissions intensity	KPI A1.2 Energy Consumption; Climate Change; Performance Table
	305-5	Reduction of GHG emissions	KPI A1.5 Performance Table
	305-6	Emissions of ozone-depleting substances (ODS)	The Group’s operations did not have any emissions of ODS and thus, the relevant data were not disclosed and not applicable.
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	KPI A1.1 Air Emissions; Performance Table

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12.2 GRI Standards Content Index

GRI Standard		Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
Waste				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD A1	Waste Management
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts		Waste Management
	306-2	Management of significant waste-related impacts	KPI A1.3 KPI A1.4 KPI A1.6	Waste Management
	306-3	Waste generated		Waste Management Performance Table
	306-4	Waste diverted from disposal	KPI A1.3	Waste Management
	306-5	Waste directed to disposal		Waste Management
Supplier Environmental Assessment				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B5 KPI B5.3 KPI B5.4	Sustainable Procurement
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	KPI B5.2 KPI B5.3	Sustainable Procurement
	308-2	Negative environmental impacts in the supply chain and actions taken	KPI B5.2 KPI B5.3	Sustainable Procurement
Employment				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B1	Our Employees
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	KPI B1.2	Our Employees; Performance Table
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Our Employees

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12.2 GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
Employment			
GRI 401: Employment 2016	401-3	Parental leave	<ul style="list-style-type: none"> a) Total number of employees that were entitled to parental leave, by gender: Male:268; Female: 48 b) Total number of employees that took parental leave, by gender: Male: 6; Female: 7 c) Total number of employees that returned to work in the reporting year after parental leave ended, by gender: Male: 6; Female: 7 d) Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender: Male: 6; Female: 3 e) Return to work and retention rates of employees that took parental leave, by gender: Return to work rate: Male: 100%; Female: 100%; Retention rate: Male: 100%; Female: 75%
Labor/Management Relations			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B1 Our Employees
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Minimum notice periods regarding operational changes are normally 1 month.
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B2 KPI B2.3 Our Employees
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	GD B2 KPI B2.3 Our Employees
	403-2	Hazard identification, risk assessment, and incident investigation	GD B2 KPI B2.3 Our Employees
	403-3	Occupational health services	GD B2 KPI B2.3 Our Employees
	403-4	Worker participation, consultation, and communication on occupational health and safety	GD B2 Our Employees

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12.2 GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	GD B2 KPI B2.3 Our Employees; Performance Table
	403-6	Promotion of worker health	GD B2 Our Employees
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	GD B2 KPI B2.3 Our Employees
	403-8	Workers covered by an occupational health and safety management system	GD B2 KPI B2.3 Our Employees
	403-9	Work-related injuries	KPI B2.1 KPI B2.2 Performance Table
	403-10	Work-related ill health	KPI B2.3 Our Employees
Training and Education			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B3 Our Employees
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	KPI B3.1 KPI B3.2 Our Employees; Performance Table
	404-2	Programs for upgrading employee skills and transition assistance programs	Our Employees
	404-3	Percentage of employees receiving regular performance and career development reviews	All employees in China (excluding Hong Kong) have quarterly and annual performance appraisals and career development appraisals. Percentage of employees receiving regular performance and career development reviews during the reporting period: 100%
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B1 Our Employees
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	KPI B1.1 Our Employees; Performance Table
	405-2	Ratio of basic salary and remuneration of women to men	Significant locations of operation are where the portion of salary payment is the largest. The ratio of basic salary and remuneration of men to women for Langfang, by employment category: Senior Management: N/A (the senior management is working in Hong Kong) Management: 1:5.23 Frontline and General Employees: 1:4.36

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12.2 GRI Standards Content Index

GRI Standard		Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
Non-discrimination				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B1	Our Employees
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	GD B1	Our Employees During the reporting year, D&G was not aware of any discrimination, child labour or forced labour cases.
Child Labor				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B4	Our Employees
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	KPI B4.1 KPI B4.2	Our Employees
Forced or Compulsory Labor				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B4	Our Employees
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	KPI B4.1 KPI B4.2	Our Employees
Local Communities				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B8	Our Community
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	KPI B8.1 KPI B8.2	Our Community
	413-2	Operations with significant actual and potential negative impacts on local communities		The only operation site involved in production and storage and transportation is Langfang, so there is only the Langfang operation site with potential major negative impact on the local community, and the rest of the operation sites are only offices, and there will be no potential major negative impact on the local community.
Supplier Social Assessment				
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B5	Sustainable Procurement
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	KPI B5.2 KPI B5.3	Sustainable Procurement

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12.2 GRI Standards Content Index

GRI Standard	Disclosure	General Disclosure (“GD”) and Key Performance Indicator (“KPI”) of the HKEX ESG Guide	Section/Statement
Supplier Social Assessment			
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	KPI B5.2 KPI B5.3 Among D&G’s 154 suppliers, 150 are local suppliers. A small number of local suppliers may have a certain negative impact on the welding processing business. Due to the nature of the business, the remaining suppliers are not involved in negative impacts.
Customer Health and Safety			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B6 Quality Assurance
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	GD B6 Quality Assurance
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	KPI B6.1 KPI B6.4 Quality Assurance
Marketing and Labeling			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B6 Quality Assurance
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	KPI B6.3 Operational Compliance; Quality Assurance
	417-2	Incidents of non-compliance concerning product and service information and labeling	KPI B6.2 KPI B6.3 6.4 Operational Compliance
	417-3	Incidents of non-compliance concerning marketing communications	During the reporting year, the Group did not violate the regulations regarding health and safety, information, and logos and marketing of product and service.
Customer Privacy			
GRI 3: Material Topics 2021	3-3	The management approach and its components	GD B6 Quality Assurance
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	KPI B6.5 Quality Assurance; Protecting Data Privacy and Intellectual

13. Verification Statement



Verification Scope

Allied Environmental Consultants Limited (“AEC”) was commissioned to undertake an independent verification of D&G 2023 Sustainability Report (“Report”). The scope of verification covers the data and contents relating to D&G’s sustainability performance at offices in Hong Kong, Beijing, Shanghai, Guangzhou, Chengdu and main manufacturing plant and adjacent employees’ dormitory located in Langfang, Hebei from 1 January 2023 to 31 December 2023 (“Reporting Year”).

Verification Standards and Methodology

The Report was verified with reference to the International Standard on Assurance Engagement (ISAE) 3000 (Revised) (Assurance Engagements Other Than Audits or Reviews of Historical Financial Information). The verification included an evaluation of the report’s alignment with the Global Reporting Initiative (“GRI”) Standards 2021, and Appendix C2 Environmental, Social and Governance Reporting Guide (“HKEX ESG Reporting Guide”) set out in The Stock Exchange of Hong Kong.

In order to ensure that the report adheres to the reporting principles and standards, AEC had designed and undertaken the following activities to gather evidence before drawing the conclusion:

- Conduct review of material issues and assess the relevance of those to D&G’s business;
- Conduct meetings with staff that are involved in sustainability management, report preparation and provision of report information;
- Provide advice on stakeholder engagement activities with no direct contact with the external stakeholders;
- Conduct review of supporting evidence for claims made in the Report; and
- Verify all calculated and disclosed data in the Report.

Level of Assurance

As set out in ISAE 3000, AEC provided limited assurance in the review that is defined by the scope and methodology described in this statement.

Conclusion

Based on the scope of work and assurance procedures performed, all material aspects, data and information in the Report were prepared in accordance with the GRI Standards 2021, and in compliance with the HKEX ESG Reporting Guide.

Regarding the work undertaken during the assurance process, we are of the opinion that the information stated in the Report provides a structured, balanced and reliable disclosure of D&G’s sustainability performance during the Reporting Year. In addition, the report demonstrates the quality of accuracy, timeliness, comparability, clarity and reliability.

In conclusion, the Report provides a comprehensive account of D&G’s management approach and sustainability performance in a proactive, consistent, fair and truthful manner.

Competency and Independence

AEC is composed of sustainability and environmental consultants that are experienced in the industrial sector, and are trained and competent in a range of related standards and skills including but not limited to GRI Standards, Global Real Estate Sustainability Benchmark (“GRESB”), AA1000AS, the HKEX ESG Reporting Guide, Carbon Audit, ISO 9001 and ISO 14001.

In addition, AEC conducted the verification and assurance of sustainability data and reporting as an independent consultant. Upholding high ethical standards, it is claimed to have been no conflict of interest with D&G while performing the verification. Throughout the process, AEC has verified all disclosed data, content and compliance with the stated reporting standards.

Ms. Kwok May Han Grace

Chairman and Managing Director of Allied Environmental Consultants Limited
Hong Kong
28 March 2024